

By Mr. RANDOLPH:

H. R. 6270. A bill to provide for the payment of members of the military and naval forces of the United States who enter or re-enter civilian employment of the United States, its Territories or possessions, or of the District of Columbia while in military pay status prior to assignment to active duty; to the Committee on the Civil Service.

H. R. 6271. A bill to further amend the Classification Act of 1923, as amended; to bring about uniformity and coordination in the allocation of field and departmental positions under the grades of the Classification Act of 1923, as amended; and for other purposes; to the Committee on the Civil Service.

By Mr. RANKIN (by request):

H. R. 6272. A bill to provide that a veteran's pension, compensation, or retirement pay shall not be reduced during his hospitalization or domiciliary care; to the Committee on World War Veterans' Legislation.

H. R. 6273. A bill to provide an award for arrested tuberculosis cases of World War II; to the Committee on World War Veterans' Legislation.

By Mr. McGEHEE:

H. R. 6274. A bill for the relief of certain postal employees; to the Committee on Claims.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the Commonwealth of Massachusetts, memorializing the President and the Congress of the United States to amend the Federal laws relative to matching by the Federal Government of amounts expended by States and their political subdivisions on account of old-age assistance; to the Committee on Ways and Means.

Also, memorial of the Legislature of the Commonwealth of Massachusetts, memorializing the President and the Congress of the United States to issue such orders as will prevent the closing of Fort Devens and the Lovell General Hospital; to the Committee on Military Affairs.

Also, memorial of the Legislature of the Territory of Alaska, memorializing the President and the Congress of the United States with regard to removal from office of the present Governor; to the Committee on the Territories.

Also, memorial of the Chamber of Deputies of Chile, informing that the Day of the Americas will be celebrated at a session of the next regular legislature, which commences on May 21; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FERNANDEZ:

H. R. 6275. A bill for the relief of Leon H. Watson, doing business as Leon Watson & Associates; to the Committee on Claims.

By Mr. JUDD:

H. R. 6276. A bill for the relief of Tsunezo Tanaka and his wife, Michiko Tanaka; to the Committee on Immigration and Naturalization.

By Mr. KEOGH:

H. R. 6277. A bill for the relief of Carl D. Soresi; to the Committee on Claims.

By Mr. COCHRAN:

H. R. 6278. A bill for the relief of Patrick Dennis O'Connell; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred, as follows:

1848. By Mr. LEWIS: Petition of 121 citizens of Toronto, Ohio, and vicinity, protesting Senate bill 1678, to require the registration of firearms; to the Committee on the Judiciary.

1849. By the SPEAKER: Petition of A. C. Hargis, secretary, the Federal Land Bank of Houston, Houston, Tex., urging consideration of their resolution with reference to the suggestion that the lending power of the land bank commissioners be allowed to lapse; to the Committee on Agriculture.

1850. Also, petition of Donald Haahr and others, urging consideration of their resolution with reference to opposition to House amendments that would weaken price-control structure; to the Committee on Banking and Currency.

1851. Also, petition of the Texas Ports Association, urging consideration of their resolution with reference to opposition to the proposed St. Lawrence Waterway project; to the Committee on Rivers and Harbors.

1852. Also, petition of the Board of Supervisors of the City and County of Honolulu, Territory of Hawaii, urging consideration of their resolution with reference to endorsement of the \$50,000,000 appropriation bill for the relief of sufferers from the tidal wave which occurred on April 1, 1946; to the Committee on the Territories.

1853. Also, petition of the executive board of the Texas State Industrial Union Council, CIO, urging consideration of their resolution with reference to effective price control; to the Committee on Banking and Currency.

SENATE

THURSDAY, MAY 2, 1946

(Legislative day of Tuesday, March 5, 1946)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Msgr. John K. Cartwright, D. D., rector, St. Matthew's Cathedral, Washington, D. C., offered the following prayer:

O Lord Almighty, Father, Son, and Holy Ghost, we pray Thy blessing on us as we gather today to deliberate for our country's welfare.

Thou hast given us peace after war. Grant us the wisdom and the virtue to deserve peace and so to use the authority which our fellow citizens have given us as to make this world more to accord with Thy will and Thy holy purpose.

We pray that we may be able to please Thee in righteousness and that the darkness of many peoples may soon be light and that peace and freedom may heal their wounds as ours have been so greatly healed. Grant that with us they may seek for abiding peace, not in the accidents of casual circumstances but in Thy providence and blessing, for Thou art the very source of peace. Grant us the peace of Christ in the Kingdom of Christ. In the name of the Father, and of the Son, and of the Holy Ghost. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the

Journal of the proceedings of the calendar day Wednesday, May 1, 1946, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on May 1, 1946, the President had approved and signed the act (S. 1152) to effectuate the purposes of the Servicemen's Readjustment Act of 1944 in the District of Columbia, and for other purposes.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the bill (H. R. 5719) to amend the act entitled "An act to authorize black-outs in the District of Columbia, and for other purposes," approved December 26, 1941, as amended.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

H. R. 2483. An act for the relief of the estate of Michael J. McDonough, deceased;

H. R. 3755. An act to establish an Optometry Corps in the Medical Department of the United States Army; and

H. R. 5719. An act to amend the act entitled "An act to authorize black-outs in the District of Columbia, and for other purposes," approved December 26, 1941, as amended.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on May 1, 1946, he presented to the President of the United States the enrolled bill (S. 2) to provide Federal aid for the development of public airports.

LEAVES OF ABSENCE

Mr. STANFILL. Mr. President, I ask unanimous consent to be absent from the Senate for the next 4 days.

The PRESIDENT pro tempore. Without objection, leave is granted.

Mr. MCCLELLAN. Mr. President, in order that I may be able to keep an engagement and attend the bar association meeting in my State, which convenes tomorrow and the next day, I ask unanimous consent to be absent from the Senate on those days.

The PRESIDENT pro tempore. Without objection, leave is granted.

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent that I may be excused from attendance on the Senate until Tuesday next.

The PRESIDENT pro tempore. Without objection, the leave is granted.

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent to be absent from the Senate for the next few days.

The PRESIDENT pro tempore. Without objection, leave is granted.

Mr. KNOWLAND. Mr. President, I ask unanimous consent to be excused from the Senate tomorrow and Saturday on official business as a member of the

Board of Visitors to the Coast Guard Academy. The Board expects to make an inspection tomorrow at New London.

The PRESIDENT pro tempore. Without objection, leave is granted.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

REPORT OF ATTORNEY GENERAL ON CERTIFICATES FILED WITH HIM REQUISITE TO THE PROSECUTION OF THE WAR

A letter from the Attorney General, transmitting, pursuant to law, the twelfth report of certain certificates filed with him by the Chairman of the War Production Board for the period December 1, 1945, through April 30, 1946, as to the doing of any act or thing, or the omission to do any act or thing, requisite to the prosecution of the war by any person or persons for which no prosecution or civil action shall be commenced under the antitrust laws or the Federal Trade Commission Act (with an accompanying report); to the Committee on Banking and Currency.

REPORT ON PROGRESS OF LIQUIDATION OF FEDERAL RURAL REHABILITATION PROJECTS

A letter from the Assistant Secretary of Agriculture, transmitting, pursuant to law, a report of the Farm Security Administration on the progress of the liquidation of Federal rural rehabilitation projects (with accompanying papers); to the Committee on Appropriations.

INTERNATIONAL PHOSPHATE CARTELS

A letter from the Chairman of the Federal Trade Commission, transmitting a report of the Commission entitled "International Phosphate Cartels" (with an accompanying report); to the Committee on Interstate Commerce.

JANUARY 1946 REPORT OF RECONSTRUCTION FINANCE CORPORATION

A letter from the Chairman of the Reconstruction Finance Corporation, transmitting, pursuant to law, a report of that Corporation for the month of January 1946 (with an accompanying report); to the Committee on Banking and Currency.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CAPPER, from the Committee on Claims:

H. R. 2576. A bill for the relief of William F. Schmeltz; without amendment (Rept. No. 1272); and

H. R. 3125. A bill for the relief of Lovie M. Trotter; without amendment (Rept. No. 1273).

By Mr. ELLENDER, from the Committee on Claims:

S. 1748. A bill conferring jurisdiction upon the United States District Court for the Western District of Washington to hear, determine, and render judgment upon the claim of Ivor E. Nicholas; with amendments (Rept. No. 1274);

H. R. 1394. A bill for the relief of William H. W. Kemp; without amendment (Rept. No. 1275);

H. R. 1538. A bill for the relief of Robert J. Cramer; with an amendment (Rept. No. 1282);

H. R. 3228. A bill for the relief of Sam Dis-hong; without amendment (Rept. No. 1276);

H. R. 3340. A bill for the relief of Mrs. Merla Koperski; without amendment (Rept. No. 1277);

H. R. 3702. A bill for the relief of Maurice C. Ritter; without amendment (Rept. No. 1278);

H. R. 4750. A bill for the relief of C. C. Vest; without amendment (Rept. No. 1279);

H. R. 4757. A bill for the relief of Mrs. Gus-sie Feldman; without amendment (Rept. No. 1280); and

H. R. 4976. A bill for the relief of Mrs. Catherine Fortunato; without amendment (Rept. No. 1281).

By Mr. JOHNSON, from the Committee on Claims:

S. 1683. A bill for the relief of the estate of Mrs. Sufonia Andrus; without amend-ment (Rept. No. 1283);

H. R. 1852. A bill for the relief of R. H. White Transfer & Storage Co., of Nashville, Tenn.; without amendment (Rept. No. 1284);

H. R. 2665. A bill for the relief of Acchille Guillory and Olivia Guillory; without amend-ment (Rept. No. 1285);

H. R. 3270. A bill for the relief of James B. McCarty; without amendment (Rept. No. 1286);

H. R. 3676. A bill for the relief of Pershing W. Ridgeway; without amendment (Rept. No. 1287);

H. R. 3770. A bill for the relief of Lyndon T. Montgomery; without amendment (Rept. No. 1288);

H. R. 3781. A bill for the relief of Mabel M. Fischer; with amendments (Rept. No. 1292);

H. R. 4352. A bill for the relief of Ola L. Wright, Mrs. Margaret Wright, and the legal guardian of Betty Bea Wright, a minor; without amendment (Rept. No. 1289);

H. R. 4491. A bill for the relief of Vertie Bea Loggins; without amendment (Rept. No. 1290); and

H. R. 4640. A bill for the relief of Gladys Hastings; without amendment (Rept. No. 1291).

By Mr. GREEN, from the Committee on Foreign Relations:

H. R. 5244. A bill to authorize the appoint-ment of additional foreign-service officers in the classified grades; with amendments (Rept. No. 1293).

By Mr. MCFARLAND, from the Committee on Indian Affairs:

S. 115. A bill to modify section 4 of the Permanent Appropriation Repeal Act, 1934, with reference to certain funds collected in connection with the operation of Indian Service irrigation projects; with amendments (Rept. No. 1294).

INTERIM REPORT ON INVESTIGATION OF GOVERNMENT WARTIME PRICE CONTROLS AND SUBSIDIES AFFECTING THE LIVESTOCK AND MEAT INDUSTRY (REPT. NO. 1295)

Mr. THOMAS of Oklahoma. Mr. President, from the Committee on Agriculture and Forestry. I ask unanimous consent to submit, pursuant to Senate Resolution 92, Seventy-ninth Congress, first session, providing for an investigation of Government wartime price controls and subsidies affecting the livestock and meat industry, an interim report thereon. I request that the report be printed in the RECORD.

There being no objection, the report was received and ordered to be printed in the RECORD, as follows:

INVESTIGATION OF GOVERNMENT WARTIME PRICE CONTROLS AND SUBSIDIES AFFECTING THE LIVESTOCK AND MEAT INDUSTRY—INTERIM REPORT

The Committee on Agriculture and Forestry makes the following interim report on the production and distribution of livestock and meat as affected by wartime govern-mental controls.

The committee had before it representa-tives of the various segments of the live-stock and meat industry from all parts of the United States, including producers, feeders, meat packers, and retailers. The findings and recommendations herein are based upon

the testimony of these witnesses. Hearings were held in Washington on all phases of this subject over a 3-week period.

THE BLACK MARKET

The committee is convinced that an exten-sive and scandalous black market in meat and livestock exists today, and that the Government wartime controls that have been imposed upon the meat and slaughtering in-dustries over a 4-year period have been in a large measure responsible for the black market.

Surveys made by independent marketing research agencies, whom the committee be-lieves to be competent and reliable, showed that in late February 1946, five out of six retail stores, in 11 representative cities from coast to coast, were charging in excess of ceiling prices for meat, and that two-thirds of the meat cuts sold by these stores were sold at overceiling prices. The average overcharge for all meats as shown by these reports was 20 percent, and in the case of beef it was 26 percent. A repeat survey made in the latter part of March 1946 in the city of Washington, showed that in a 4-week period the overcharge on meat in Washing-ton had more than doubled. These surveys were conservative in that reports could not be obtained covering sales to hotels, restau-rants, clubs, and other of the more flagrant kinds of black market meat operations. The committee is convinced that most of the re-tailers who made overceiling charges were not vicious criminals, but merely were forced to buy the meat at wholesale at black-market prices in order to stay in business. This conviction was substantiated by the testi-mony of the executive secretary of the Na-tional Association of Retail Meat Dealers.

For the past several months cattle prices quoted by the United States Department of Agriculture at many of the principal markets have been in excess of the prices that slaughterers could pay for cattle and still comply with Government price regu-lations. With cattle being sold at these prices, it is obvious to the Committee that most beef must be moving in black-market channels. For example, the average of gov-ernment quoted prices on choice steers at Chicago has been continually above the OPA maximum permissible price for this grade of cattle since early in 1945. Other grades of cattle at Chicago have at most times been equal to or above the permissible prices which the legitimate slaughterers can pay, and stay in compliance. Similar situations were shown to prevail at other important markets as well as at livestock auctions. Numerous instances were reported where even the over-riding ceiling price on cattle has been violated at local markets and auc-tions. Hog price ceilings are likewise being flagrantly violated in one way or another and particularly in the South. Cattle feed-ers frankly admitted to the Committee that they were in a position where they had to depend on black-market prices to stay in operation, and pointed out that the uncer-tainty of this situation resulted in confusion, fear and restricted production of livestock and meat.

Prevailing livestock prices prove, without doubt, the existence of a widespread black market in livestock and meat.

Unprecedented shipments of slaughter cattle from the principal livestock markets can be explained only by black-market buy-ing and slaughtering. While the current situation is the most serious yet experienced, the committee was impressed by the fact that this diversion of cattle from normal slaughter channels commenced immediately with the institution of price control and has continued to grow to the present. For ex-ample, shipment of slaughter cattle from the Chicago market prior to price control amounted to only about 25 percent of the

salable receipts. In recent weeks, from 60 to 75 percent of the salable receipts of cattle at Chicago have been shipped out for slaughter elsewhere. Statistics from Government reports show a similar trend at other leading terminal livestock markets.

The counterpart of increased livestock shipments from the terminal markets is the drastic reduction in the volume of cattle being slaughtered by the old established slaughterers who normally purchase a large part of their requirements on these markets. Consequently, shipments of beef by them to eastern markets have been drastically curtailed. In February 1946, 10 national packers shipped only 7,700,000 pounds of beef into the New York area, compared with 27,700,000 pounds in February 1941. These same 10 national packers shipped only 3,500,000 pounds into the Boston area in February 1946, compared with 13,800,000 pounds in February 1941. Witnesses supplied the committee with individual company statistics showing that the shipments of beef to the East had been further curtailed since February 1946.

Slaughter cattle shipped out of terminal livestock markets, because legitimate slaughterers cannot compete with black-market prices, are going largely to new eastern slaughtering establishments, and much of the meat undoubtedly is being distributed through black-market outlets.

The supply of meat available at wholesale ceiling prices in eastern markets such as New York is further curtailed by the decrease in slaughtering operations in the New York area by legitimate packers. These packers cannot buy at legal prices cattle for shipment to New York as in normal times. Out of 14 major slaughterers operating in the New York area in 1941, only 4 are slaughtering in 1946 under the same name, or in the same plant, or on the same basis as in 1941. In February 1946, these four packers produced only 1,300,000 pounds of dressed weight of beef compared with 4,200,000 pounds in February 1941, whereas other federally inspected packers in the New York area, under new names or in new plants, increased their beef production from 1,700,000 pounds in February 1941 to 4,600,000 pounds in February 1946. Consequently, the meat supply of an area like New York at the present time is almost entirely dependent upon the operations of those who are buying cattle at prices which the established and legitimate slaughterers cannot pay and remain in OPA compliance.

Further evidence of the extensive black market is the startling increase in the number of slaughterers during the wartime period. Prior to OPA there were approximately 1,500 commercial slaughtering establishments whose annual sales volume was in excess of \$5,000. These slaughterers were capable of slaughtering all the livestock that came to market and of distributing the resulting meat throughout the country in an efficient manner. During the 1944-45 livestock slaughter-control program, over 26,000 slaughtering permits were issued to commercial establishments by the United States Department of Agriculture. However, only 12,168 commercial slaughterers filed claims for subsidy payments for February 1946. The balance evidently were able to survive without applying for subsidy, even though this subsidy averaged \$22.50 per head on cattle and \$4.25 per head on hogs. These facts show, first, that Government controls have resulted in an unwarranted increase in the number of slaughterers and, second, that black-market profits are so large that many are able to operate and expand without benefit of the large Government subsidies.

CAUSES OF THE BLACK MARKET

Meat packers have been in a price squeeze on at least one species of livestock most of the time since the inception of OPA.

Beef was placed under price control in May of 1942, at which time ceiling prices were established on the basis of the packer's highest selling price in March 1942. This in itself brought about a squeeze, since cattle and beef prices had advanced between March and May 1942. No ceilings were imposed on cattle until January 1944, and the rise in cattle prices, without a compensating rise in wholesale ceilings, increased the incentive and opportunity for illegal operations. A year ago the subcommittee of this committee, in its report, stated "The committee are convinced from the testimony that at the present time substantial losses are being incurred by processors on both beef and pork operations. Many small packers have been forced to close, curtail their operations, go broke, or go 'black,' because of their inability to take these losses."

The Barkley-Bates amendment to the Stabilization Act of 1942, as amended, was enacted last June to remedy this situation. In administering this amendment the OPA promised increased subsidies in lieu of increased meat prices. The industry expected prompt and adequate relief. Instead, they received wholly inadequate and belated payments. Prior to the amendment losses had forced a southeastern slaughterer to close his beef operations. Relying on the amendment, he reopened his cattle kill in July 1945. His beef losses to the end of the year were about \$10,000. His Barkley-Bates subsidy was not received until January 1946, and then totaled only \$1,600. Other slaughterers testified to similar experiences.

The quoted conclusion of the subcommittee of a year ago is even more applicable today than it was then. Legitimate slaughterers have remained in a price squeeze during the past year. It is impossible for the average packer to pay maximum permissible or ceiling prices for livestock and sell the resulting fresh or cured meat at wholesale meat ceiling prices without loss.

The impractical and unenforceable regulation establishing ceiling prices for live cattle (MPR No. 574) has actually aided and abetted the black market in beef. Grading is the keystone of the regulation. The price that a slaughterer can pay for live cattle depends upon the grade and amount of the dressed meat that the carcasses yield. It is assumed that the grading of beef is an exact science and that the dressed grade and weight of cattle can be determined while the animals are alive. Neither of these assumptions is realistic or workable.

The situation is further aggravated by the fact that many slaughterers are permitted to grade their own beef with the result that the many who grade liberally are in a position to pay a higher price for live animals than slaughterers whose beef is government graded.

There is no end of loopholes by which the unscrupulous operator may pay illegal prices for cattle, then falsify his Government compliance reports and appear to stay within the legal price range and thereby collect Government subsidy. The OPA has admitted that this regulation cannot be adequately enforced. In the statement of considerations to amendment 4 to this regulation, issued February 1, 1946, it was stated: "This will place an upper limit on the extent of falsification, and should reduce the amount of subsidy paid out to slaughterers who are not entitled to receive it."

The maze of regulations which have been imposed on the livestock and meat industry have further fostered the black market in meat. For example, at least 111 price regulations, directives, and orders, and more than 1,110 subsequent amendments governing the conduct and prices of the beef and veal division of the industry alone have been issued. Even large slaughterers with legal staffs have found it difficult to keep abreast

of regulations, and small slaughterers without legal aid have found themselves in an intolerable situation even though they were most anxious to comply with Government controls. It is obvious to this committee that the great mass of these regulations in itself has handicapped the legitimate slaughterer.

Livestock producers and feeders have been confused and discouraged by the many Government regulations and the frequent changes in them. They are unable to make necessary long-time plans in the face of the confusion and uncertainty. Cattle feeding in particular has been curtailed and discouraged by Government regulations and subsidy changes. The hazard of change has caused cattle feeders to limit the feeding period in order to minimize their risks. This has resulted in reduced supplies of beef, which in turn has increased the opportunities of the black-market operator.

RESULTS OF THE BLACK MARKET

The black market is seriously affecting the well-being and economy of the whole Nation. One of the more obvious results is the apparent shortage of meat brought about by the dislocations in normal distribution. Most of the large centers of population depend upon national slaughterers for a large portion of their meat supply in normal times. Now, such slaughterers are unable to purchase livestock in competition with the black-market operator. Therefore, the amount of meat available at ceiling prices for these areas has diminished to the extent that it is actually scarce. The evidence showed that the beef production of many legitimate slaughterers, including national slaughterers, had decreased from 50 to 90 percent by February and March and it has continued to diminish since then.

One large independent Texas packer testified that during the month of March 1946 he slaughtered only 649 cattle and calves, whereas his capacity was approximately 10,000 head per month. Established slaughterers in the St. Louis area in recent weeks have been able to kill less than 5 percent of their capacity even though their buyers have had emphatic instructions to purchase all cattle available at legal maximum prices. A national slaughterer was able to obtain only 7,300 cattle for the week ending April 5, 1946, whereas his normal volume would have been approximately 25,000 head for that week.

This decline in cattle slaughter by such representative packers is due to their inability to obtain the livestock at legal prices and not to a decline in the volume of cattle being marketed. The evidence showed that legitimate slaughterers are likewise unable to maintain their hog slaughter and pork production because of the diversion of hogs to black-market channels.

The result is that there are large supplies of meat in some places and extreme shortages in others, depending upon whether the eating place, the wholesaler, the retailer, or the consumer is willing to "pay the price" and patronize the black market.

The surveys made in the 11 representative cities throughout the United States show that at least \$1,250,000,000 a year in excess of ceiling prices is being paid by the consumer for meat. In addition, approximately \$750,000,000 of meat subsidy per year is being indirectly paid for meat by the taxpayers in this country. The result is that the American public is paying in excess of \$2,000,000,000 a year over ceiling prices for its meat. This represents only the out-of-pocket cost and does not take into consideration the indirect loss caused by the black market such as waste, unemployment, and sickness.

The actual loss of meat through tissue shrinkage because of the excessive shipment of live animals into black-market channels

amounts to many millions of pounds annually. Black-market slaughterers for the most part are not equipped to handle many of the valuable and important byproducts obtained from livestock slaughter. Tremendous quantities of critically short products such as fats, greases, protein feeds and hides are completely lost by the black-market operator through ill-adapted facilities and the desire for quick, easy profits. It was conservatively estimated that the amount of the products so lost totaled at least 218,000,000 pounds a year on cattle alone.

As a result of diversion of livestock to black-market channels, it has been necessary for legal slaughterers to lay off thousands of employees with many years of service and valuable skills acquired through long experience. Additional thousands of employees have suffered a serious reduction in their hours of work because of the reduced volume of operations in legitimate slaughtering plants. These circumstances are causing a real hardship to many thousands of packing-house workers who rendered loyal and valuable service during the fighting war.

The black market in meat is seriously imperiling the public health. Legitimate slaughterers are subject to constant Federal and local supervision. Their plants are inspected for cleanliness, diseased animals are condemned, and the meat is inspected at all stages of processing, thus insuring that only clean and wholesome product reaches the consumer. Many black-market operators, on the other hand, are not supervised and make no effort to handle their product in a sanitary manner. The evidence before this committee showed that black-market slaughterers are currently operating in buildings wholly lacking in refrigeration, screens, and other sanitary conditions. This committee was shocked by photographs which were submitted showing the horrible conditions under which black-market operators slaughter livestock and distribute meat.

Further, the waste of glands and other byproducts needed for the manufacture of pharmaceuticals is causing a shortage of many vital drugs and preparations, such as insulin for the treatment of diabetes, adrenal-cortex extract for the treatment of Addison's disease, medicines prepared from pituitary glands for use in childbirth and in surgical cases, adrenalin for the treatment of asthmatic conditions, and liver extract for the treatment of pernicious anemia. Several national pharmaceutical laboratories reported that the situation was critical and that they could not obtain necessary raw materials because the black market was diverting livestock from legitimate slaughterers. This committee believes that the black-market threat to the public health is much more serious than any increase in meat prices which might result from the removal of Government controls on livestock and meat.

The open and notorious black market in livestock and meat is doing great harm to the morality of the country. Public observance of the Price Control Act and the livestock and meat regulations is the exception rather than the rule. Disregard of this act and these regulations breeds contempt for all law.

THE REMEDY

The committee thoroughly investigated the possible effect of the removal of Government controls on meat prices and is convinced that there would not be any skyrocketing or wild inflation in meat prices if controls were removed. In the first place, Government estimates show a meat supply this year of 150 pounds per capita, the largest amount available to consumers since 1911 and about 20 percent more than the 1935-39 average. Secondly, the evidence shows that there is no shortage of basic livestock numbers for the production of meat. In fact, there is an excessive population of cattle which should

be finished for market in order to make more secure the future of the cattle industry. The restoration of competitive prices in the livestock and meat industry would instill confidence in the livestock producers and bring forth an increasing supply of meat for consumers.

A representative of the Department of Agriculture testified before the committee that the Department had recently completed a study for the purpose of determining what advance over ceiling price would occur if all subsidies and controls were removed from livestock and meat and the conclusion is that meat prices at retail would advance from 10 to 15 percent, representing a savings of from 5 to 10 percent of what the consumer is now paying the black market, as well as the \$750,000,000 being paid out annually in subsidies on meat.

At the worst, the public would not have to pay any more for meat if price controls and subsidies were removed than it is now paying, considering black-market prices and subsidies. Except perhaps for a very temporary period, this committee does not believe that meat at competitive prices would cost the American public nearly as much as it is now costing.

All of the witnesses appearing before this committee—and the committee heard from all segments of the livestock and meat industry—were of one opinion, and emphatically stated that the current intolerable situation could only be cured by complete and immediate removal of subsidies and Government price controls.

When the OPA and USDA livestock slaughter-control program was submitted to the joint OPA cattle, hog, beef, and pork advisory committees on April 15, 1946, it was unanimously rejected by said committees as being an improvised regulation which would not remedy the situation. A representative of these joint OPA advisory committees placed in the record their resolution concluding that they "are unanimously opposed to the proposal that has been submitted today to the advisory committees and recommend that subsidies and price controls be immediately removed from the livestock and meat industry."

Significantly, the recommendation of the industry is fully endorsed by those packing-house workers represented by the American Federation of Labor.

Full legitimate production is the only answer to the inflation and the black-market problems in the livestock and meat industry. An increase in livestock and meat ceilings will not get full legitimate production or eradicate the black market. Improvised regulations are not a remedy. Additional investigations cannot bring about compliance with OPA regulations. Price control on livestock and meat has completely broken down. Effective enforcement is no longer possible.

Black-market operators cannot compete with legitimate commercial meat packers under a free economy. They are not interested in the meat business at the industry's normal margin. They are inefficient and wasteful operators. They will disappear from the market and go out of business if the legitimate meat packer is permitted to compete with them on even terms.

The only remedy is the removal of price and other governmental controls from the livestock and meat industry.

FINDINGS

From all the evidence, the committee finds:

1. Government controls and price regulations effecting livestock and meat have completely broken down; price ceilings on livestock and meat are a fiction; and as a result of the black market and subsidies, meat is costing the American public at least \$2,000,000,000 a year in excess of ceiling prices.

2. Most meat is being sold at black market prices. Reliable surveys show that five out

of six stores were selling meat at over-ceiling prices and the average price of all meat sold at retail was 20 percent above legal ceilings in February 1946. Facts from the surveys also show that the black market has become more serious since that time.

3. There is no shortage of livestock on farms and ranches, in fact, there is an excessive inventory of cattle, but there are severe shortages of meat in some places and in certain stores because of the black-market dislocation of distribution and because price controls and subsidies have impeded production by creating fear and uncertainty in the minds of producers and feeders of livestock.

4. The "price squeeze" placed on slaughterers by the OPA from 1942 to date has forced many legitimate slaughterers to close or curtail their operations, thereby fostering the black market.

5. Remaining legitimate slaughterers, both small and large, are willing and anxious to buy livestock at legal maximum prices but are unable to do so because black market operators pay higher prices with the result that livestock is being diverted from the normal channels of slaughter and distribution into the black market.

6. The black market in meat is imperiling the national health through insanitary slaughtering and curtailed production of essential medicinal byproducts.

7. Black market slaughtering is causing a complete economic loss of many millions of pounds of critically short byproducts such as fats, protein feeds and hides.

8. Widespread evasion of price controls on livestock and meat by those who are victims of the black market and must overcharge or go out of business, plus the failure of willful racketeering violators to be apprehended, has created a disrespect for all laws, and is rapidly undermining the moral fiber of the country.

9. Thousands of employees with long years of service and valued experience necessarily have been laid off by legitimate slaughterers because such slaughterers are unable to maintain their volume against black-market competition. Additional thousands of other employees in these packing plants have had their hours of work reduced for the same reason.

10. Four years of experience with Government controls, culminating in the present scandalous situation, shows conclusively the impossibility of controlling livestock and meat prices and meat distribution through Government laws, regulations, and directives, and any new or reinstated controls on the livestock and meat industry can only create greater confusion and further impede maximum production and legitimate slaughtering and distribution.

11. Removal of price controls and subsidies from livestock and meat will stimulate the marketing of livestock and the production of meat, drive the black-market operators out of business, save untold waste, safeguard the public health, and make a large supply of meat available to all at a competitive price which will be lower than consumers are now paying as a result of the black market and subsidies.

RECOMMENDATION

This committee recommends that all price controls and subsidies on livestock and edible products derived therefrom be removed at once.

ELMER THOMAS,
Chairman, Subcommittee.
HARLAN J. BUSHFIELD.
B. W. WHEELER.

My Small Business Subcommittee on Complaints studied the meat-control question and held hearings last winter. The Barkley-Bates amendment was considered. We recommended consideration be given to setting a program for gradual removal of price controls and subsidies by December 1946, at least,

but conditions have rapidly changed and I feel sure immediate removal of controls should be given.

TOM STEWART.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SALTONSTALL:

S. 2138. A bill for the relief of Henry B. and Violet P. Backenstoss; to the Committee on Claims.

By Mr. TUNNELL (for himself, Mr. BUCK, Mr. HAWKES, Mr. SMITH, Mr. TYDINGS, and Mr. RADCLIFFE):

S. 2139. A bill authorizing the State of Delaware, by and through its State highway department, to construct, maintain, and operate a toll bridge across the Delaware River near Wilmington, Del.; to the Committee on Commerce.

PROPOSED LOAN TO GREAT BRITAIN—AMENDMENT

Mr. AIKEN submitted an amendment intended to be proposed by him to the joint resolution (S. J. Res. 138) to implement further the purposes of the Bretton Woods Agreements Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, and for other purposes, which was ordered to lie on the table and to be printed.

INVESTIGATION OF CONDITIONS ADVERSELY AFFECTING THE AMERICAN WATCH INDUSTRY

Mr. SALTONSTALL (for himself, Mr. WALSH, and Mr. HART) submitted the following resolution (S. Res. 266), which was referred to the Committee on Finance:

Whereas the American watch industry is one of our oldest industries, and the necessity for this industry and the skill and workmanship of its workers was recognized by turning the entire industry 100 percent to war production;

Whereas during the years of the war the number of jeweled watch movements imported from Switzerland was several times the number imported in the years immediately prior to the war and many times the number imported in the years immediately prior to that;

Whereas the American watch industry is now returning to peacetime production;

Whereas the State Department has recognized by an exchange of memoranda with the Legation of Switzerland that undue interference with the return of this industry to peacetime production may exist;

Whereas these memoranda propose certain restrictions on importations and make certain proposals for review of the understandings;

Whereas the direct shipments of watches and watch movements from Switzerland are initially set at the amount of direct imports from Switzerland for 1945, the highest figure in history; and

Whereas the future of the watch industry and its skilled and patriotic workers is of vital concern to the Congress: Therefore be it

Resolved, That the Committee on Finance or any duly authorized subcommittee thereof is authorized and directed to conduct a full and complete study and investigation with respect to conditions adversely affecting the future of the American watch industry, with a view of ascertaining the extent to which further protection against foreign competition is necessary to insure the continued existence of such industry. The committee shall report to the Senate

at the earliest practicable date the results of its investigation, together with such recommendations as to necessary legislative or other action as it may deem desirable.

For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Seventy-ninth Congress, to employ such clerical and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee under this resolution, which shall not exceed \$-----, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

LABOR, WAKE UP! IT'S GETTING LATE!—EDITORIAL BY MAURICE R. FRANKS

[Mr. HAWKES asked and obtained leave to have printed in the RECORD an editorial entitled "Labor, Wake Up! It's Getting Late!" by Maurice R. Franks, published in the Railroad Workers' Journal of April 1946 which appears in the Appendix.]

PRICE CONTROL LEGISLATION—STATEMENT BY CHAT PATERSON

[Mr. WAGNER asked and obtained leave to have printed in the RECORD a statement regarding pending price-control legislation, made before the Senate Banking and Currency Committee, by Mr. Chat Paterson, national legislative representative, American Veterans' Committee, which appears in the Appendix.]

NEW UNION OF PUBLIC EMPLOYEES—ARTICLE BY JERRY KLUTTZ AND EDITORIAL FROM WASHINGTON POST

[Mr. HOEY asked and obtained leave to have printed in the RECORD an article relating to the formation of a new union of public employees, by Jerry Kluttz, and an editorial from the Washington Post on the same subject, which appear in the Appendix.]

EFFECT OF OPA OPERATIONS ON BUSINESS

Mr. WILEY. Mr. President, I wish to say a few words in relation to the OPA. I am not one of those who are afraid of the old big bad OPA wolf. I have in my hands [exhibiting three aluminum pans] some exhibits to which I desire to refer in the course of my remarks on this subject.

Mr. President, I know that my brother Senators and I have received a vast number of communications from our constituents regarding OPA. An overwhelming percentage of these letters and telegrams, I believe, are directly traceable to the OPA fear propaganda which was unleashed on the American people by OPA's several-million-dollar publicity machine.

This machine has been working ceaselessly to influence pending legislation in Congress in a manner which I believe, but in which the Attorney General apparently does not believe, violates the criminal statute which bars use of government funds to influence Congress on pending laws.

It is a basic thing in this country of ours, basic by the letter and the spirit

of the Constitution, that Congress is the policy-making branch of government. It is basic that the hireling should not dictate to the master. In other words, it was never contemplated by anyone until some of these New Dealers got into the saddle that the creatures of the legislature should dominate the legislature. That is just what is being done by these departments in government.

And that is why it is all important that the American people and the Congress of the United States take action that will clip the wings of these master-complex congressional creatures. The way to do that is to demobilize where demobilization should take place in the various bureaus. Of course, that would mean separating a lot of folks from their jobs and reducing the Government overhead, but it would mean doing what is necessary to be done.

Secondly, we should watch every appropriation and see to it that we do not create any more embryo Frankensteins that would destroy the constitutional function of the Congress as the policy-making branch of the Government.

I had previously suggested that a congressional committee investigate the whole publicity set-up of the executive branch in order to end that branch's unconstitutional attempts to dominate Congress through propaganda.

I want to refer specifically for a brief moment to one of the most serious charges which can be leveled rightfully at OPA and which I have leveled continuously for several years now.

CHARGE AGAINST OPA

It is this: OPA's inept pricing policy has grossly discriminated against old-line manufacturers who had before the war spent years and untold investment in manufactured products long familiar to the American home and American industry. OPA's price policy has discriminated in favor of new companies—Government darlings—which were eager and willing to play ball with the New Deal agencies. This Government favoritism represents, I believe, a type of fascism in which Government favors are dispensed among favorite manufacturers, and, in my opinion, it is one of the most deteriorating influences in our Government today.

ILLUSTRATION OF CASE AGAINST OPA

I hold in my hands the illustration of my point—three aluminum frying pans. The respective ceiling prices on these pans illustrate how OPA has put American business into the frying pan and into the fire at the same time. This illustration, I believe, will be understood by every housewife, and I trust by every Senator.

Item 1, which I hold in my hands, is a frying pan, a beautiful piece of goods, produced by a long-established manufacturer who had been producing quality goods before the war, who had patriotically met his wartime responsibilities. He now has the same labor and material costs as the company which produced the second item, of much lighter material, which I have in my hands—another frying pan developed by a new manufacturer and consisting of practically the

same gage aluminum. But item 2 has received an OPA ceiling price of \$2.50, or more than double the price, \$1.20, allowed the old manufacturer.

One dollar and twenty cents was the price of item No. 1 before the war. The old manufacturer must now sell this article at \$1.20; but the new manufacturer, who never operated during the war, who never manufactured any of these articles, is getting more than double that price. Can that be called a scheme for getting production? In other words, the old manufacturer is penalized. He built communities in my State; he invested his money and created opportunities for labor. Now he is compelled to manufacture at a loss or go out of business. I have seen an article in a west coast newspaper, in which veterans on the west coast said substantially the same thing: That it seemed to them that OPA's policy is one to destroy rather than to create.

I now take item No. 3 also produced by the old established company and compare it with item No. 2, the new company's product. Just look at this piece of goods, item No. 3, almost twice as heavy in aluminum as item 1. Yet before the war item No. 3 sold for \$1.98. That is the OPA price on the item now, an article manufactured by the old company. Yet, item 2, the cheap piece of goods, which has not a trade-mark on it, which no one will identify as his product, the OPA gave a price of \$2.50. Item 3, this beautiful piece of goods (with a gage of .128, as against a gage on item 2 of .085) can get an OPA price of only \$1.98, the old manufacturing price.

Mr. President, I repeat, for emphasis, it will be seen that item No. 3 is far superior to item No. 2. Yet the ceiling price of item No. 3 is \$1.98, as compared with \$2.50, the selling price of item No. 2, which cannot in any way compare with item No. 3.

A great quantity of aluminum goods are manufactured in Wisconsin. That business has been carried on in that State for a good many years. It means work, jobs, profits, and economic health. Wisconsin does not want to be penalized because it developed men of industry, of ingenuity, of vision, men who can build because they know the road to building. Yet, this OPA will do a thing such as I have pictured here this morning. This is just one sample of what is occurring all along the line, and it is why we are not getting production.

My purpose in presenting this matter is to bring out what has been a great fault of OPA. It is illustrated by the diversity of prices, penalizing the old manufacturer, and giving a premium to anyone else who will start up to cut-throat the old, to undermine those who stuck through the war.

Mr. President, my constituents, who manufacture these beautiful goods, turned from production of these articles to war production during the war, and now, when they come back to compete, they are asked to sell the goods at the same price at which they sold before, with labor costs up, and material costs up. Yet someone who did not make the articles before, can come in and get a

price twice as great. But the old prices are frozen. What a brilliant piece of bureaucratic muddling that is!

Mr. President, it is not the business of Government to play favorites. It is the business of Government to be the servant of the people. Now that the fighting is over, there should be adequate recourse to the courts for our people when there is such an abuse as is here evidenced.

Why in heaven's name should any man who manufactured goods before the war not be permitted now to charge as much as someone who went into the manufacture of goods after the war? The labor costs and material costs are the same. There is no rhyme or reason in this treatment. That is why OPA must go or mend its ways.

OPA SOAKS THE PUBLIC

The public is the loser by inept OPA tactics. It is the public which gets soaked. How? Well, I do not have the exact figures, but I presume that the old manufacturer could have produced the goods—of a better quality—for less than the new manufacturer. For example, item 1 might be produced for, say, \$2. The public is now paying the new manufacturer \$2.50 for the inferior product. If the old manufacturer is not granted a price increase and loses money, as is undoubtedly the case, he will be forced to go out of production. And the public will be forced to pay the increased price to the new manufacturer for the inferior goods. Yes, under the OPA, the public is the loser.

I am not a member of the Senate Banking and Currency Committee, which is considering the OPA bill. I have not completely studied the House of Representatives bill. But I want to say that I am not afraid of the big bad OPA wolf that is scaring a large segment of our people.

Mr. President, if I can bring any light into this picture, so that OPA will function as it should, then I shall be following the course which I think I should follow.

SUGGESTIONS TO OPA

I have made repeated suggestions as to what is necessary for OPA to do, and I want to make an added suggestion now that might be incorporated in the Senate bill. It comes out of the illustration of these three aluminum frying pans which I have presented today, an illustration which proves the falsity of so much of OPA's propaganda.

My suggestion is that OPA should not be permitted to fix for substantially the same article two different ceiling prices.

Why should a new company get a larger ceiling price for producing the same article an old company made? Why should it be made twice as much? The goods I presented here today were bought in the largest store in Milwaukee, Gimbel's store, and right on them are marked the OPA prices. So I repeat, OPA should not be permitted to fix for substantially the same article two different ceiling prices. The ceilings should be uniform. Adoption of this suggestion would help to end the crippling of production; and I use the word "crip-

pling" advisedly. It is a favorite word nowadays.

Production is still the greatest need in the American economy. When we get adequate and full production, OPA can go. Perhaps some folks do not want adequate and full production, preferring to keep their bureaucratic jobs.

I think that if the Congress only had a propaganda system, as OPA has, if Congress had the means to tell the story to the public so that the public could get the truth, we would see that people would not fall for a lot of synthetic thinking such as OPA has been feeding the public.

A couple of weeks ago I was out in my own State for 12 hours. I turned on the radio in the hotel, and the first voice I heard was that of Bowles, telling the story of OPA, by recorded transcription, all over the Nation. Full-page ads are also used.

Would it not be a wholesome thing if once in a while a Government official would admit he was wrong, that he could be wrong? Is there anything wrong in this illustration I have given? An old substantial firm manufactures beautiful goods, with increased cost for materials and labor, and it cannot get an increased ceiling price, but a concern which never before manufactured the same kind of goods gets twice the price, and better, at which the old firm was obliged to sell.

In times like these, when the world is hungry for everything that humanity needs, adequate Government supervision of prices or adequate Government price control is a necessity. But when that control stifles production, when it creates, by virtue of its inadequate approach, black markets, when it becomes so octopus-like, then the issue must be met—the issue of getting rid of its dangerous tentacles of maladministration—so as to make and encourage full and adequate production. That, Mr. President, is the very heart of my remarks.

The problem before us today is production. And, let me say, Mr. President, that we are going to have enough trouble to get production without Government officials "messing up" the picture.

THE LABOR CRISIS

The critical situation due to lack of coal production in this country and the lack of steel is quickly coming to a head, and perhaps only when it does come to a head will the public realize that it has been diverted from the main issue in the case, which is that of telling the Congress to pass a labor bill with guts in it, a pro-American bill, if you please, not antilabor, not antimanagement, but pro-American and protecting the rights of the public. When the situation due to lack of coal and steel and other products does come to a head, then the people will realize that they have been diverted from this real issue by a mass of boondoggling propaganda on the part of OPA over the radio and in the press which confuses the women of the country, the school teachers, and others, respecting the issue of production.

Think it over, Senators. Thirty days from now our manufacturing plants will be closing down unless we have, or especially unless the Chief Executive has, a

little iron in his system to see to it that coal goes into production and that the necessities of life go into production. If that will take place, Mr. President, we will be able to meet the humanitarian demands upon us from abroad. If we do not meet that issue head-on soon, we will be falling down all along the line.

OPA must clean its house and bring officials into that agency who can comprehend the tragedy resulting from the doing of such things as I have illustrated on the floor of the Senate today.

Mr. President, in conclusion I wish to read into the Record the text of two telegrams regarding the coal crisis which I have just received from my State. The first telegram is as follows:

RICE LAKE, Wis., May 2, 1946.

We have 4 days' coal supply on hand and advice from suppliers indicates we will have to close in about 10 days. Will be shut down until the mines resume work plus such time as it takes to get coal from the mines to plant. We are nearing peak production of milk with approximately 350,000 pounds of milk daily from 1,200 patrons with a monthly patron pay roll of about \$300,000. If we shut down this milk will have to be dumped by the farmers as we can't even wash a can without coal. If these dairy farmers are to be protected immediate congressional action would seem imperative.

RICE LAKE CREAMERY CO.

The second telegram reads as follows:

APPLETON, Wis., May 2, 1946.

HON. ALEXANDER WILEY,

United States Senate, Washington, D. C.:

Coal situation requires congressional action to prevent stoppage of milk products processing. This industry processing whey for recovery of milk sugar, riboflavin, and dried whey. We are largest supplier of milk sugar to penicillin and streptomycin processors. Stoppage in our plants would shut off over 60 percent of milk sugar production of Nation. Dried whey and riboflavin for feed products. Coal supplier advises less than 15 days' supply at head of lake. This serious condition immediately affects our northern Wisconsin plants. Milwaukee supplier exhausting supplies affecting our southern and central Wisconsin plants. Directives and priorities have only momentary value and are useless when supplies are exhausted. Fundamental action by Congress demanded for resumption of mine operations. What is being done? Advise.

WESTERN CONDENSING CO.,
I. C. ROBERTS.

PROPOSED LOAN TO GREAT BRITAIN

The Senate resumed consideration of the joint resolution (S. J. Res. 138) to implement further the purposes of the Bretton Woods Agreements Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Arizona [Mr. McFARLAND].

Mr. CAPPER. Mr. President, it is my intention to vote against the pending legislation, Senate Joint Resolution 138, which would authorize a so-called loan to Great Britain of \$3,750,000,000.

In the first place, this is not a loan.

It is in reality a grant, a gift, a subsidy which we are asked to approve under the penalty that if we do not Britain will continue certain trade practices and restrictions that will have bad results on

our own foreign trade, and on world trade.

We are told that the United States must make this grant of credit, or be held responsible for the collapse of all our program to promote world peace. The present Congress has approved reciprocal trade agreements on similar pleas. Congress approved the Bretton Woods agreements on very similar arguments. We have expended some \$40,000,000,000 in lend-lease goods all over the world.

Every time we are asked to sacrifice our own interests to promote world welfare, we are told that this fresh step is necessary to make previous programs work. I do not know what Congress will be called upon to do to make this British loan-subsidy work, but I am satisfied that even before the British have used up all this \$3,750,000,000, some smart pseudo-economists and statesmen in our State Department will have found something else for the people of the United States to contribute to make this British loan-subsidy work.

We did a pretty sizable job of deficit spending before the war inside the United States. We did a bigger job of deficit spending for the benefit of ourselves and our allies during the war—which was to have been expected. No people ever had the courage to attempt to finance a war while the war was going on.

We have accumulated, through deficit-spending programs in the past few years, a national debt of around \$275,000,000,000. There are those who seem to regard this \$275,000,000,000 of public debt as an asset. With that proposition I cannot agree. That public debt is a liability, not an asset. Calling it an expanded basis of national credit does not change the fact.

I hope and trust that we are strong enough in natural resources, in productive ability, in financial astuteness, and in spiritual courage to carry that two hundred and seventy-five billions of national debt and survive the strain without disrupting our national economy, changing our form of government, and sacrificing the way of life which we professedly entered World War II to preserve.

But I feel very keenly that if we are to enter on a world career of continued deficit spending to take care of the admittedly desperate economic predicaments of the more than two thousand million persons of the entire world, that our 140,000,000 people do not have the strength and resources to carry the load.

It is all very well to say this is a special case, which will not set a precedent for similar loan subsidies to other nations and peoples, some of whom are in even worse plight than the United Kingdom.

It is all very well for us to say that. Perhaps the British people may believe it also, or at least say that they do. But I doubt if France and Russia and China and other countries in Europe, Asia, Africa—to say nothing of South America—will appreciate that rather fine distinction.

I stated in opening my remarks that this proposal is not that we make a loan

of \$3,750,000,000 to the United Kingdom; that it is a grant, a gift, a subsidy. I make that statement because I do not believe that anyone familiar with world conditions, world trade, and world history expects the \$3,750,000,000 to be repaid. Considering our own experience after World War I, I am not at all certain that we in the United States would want it to be repaid in manufactured goods competing with the goods manufactured in our own country by American labor.

I am just guessing that neither American industry nor American labor would stand for repayment in manufactured goods. And Britain is not interested in repayment through raw materials such as rubber and strategic materials.

This proposed British loan-subsidy, to my mind, has been sold to the American people under false pretenses, or at least to some of the American people, for not all of them have been deceived by the stream of propaganda to which they have been subjected.

The American people, particularly the American workmen in mass industries, have been told and sold that this loan—and the similar ones to follow if this line of reasoning is followed—will create an additional market for exports of American-produced goods.

Now that argument for the loan-subsidy is one of those half-truths that cause more trouble in this world than out and out false statements. It is true that if we furnish other nations and other peoples with American dollars, or American-dollar credits, that will enable them to buy our goods. It will. But only as long as the supply of dollars or dollar credits which we supply to them holds out. When the supply of dollars or dollar credits runs out, the export market will disappear.

In the long run our exports abroad will amount to, and will be limited by, the amount of imports we are able and willing to take. My idea of a prosperous world trade does not embrace the proposition that we furnish both the goods exported and the dollars to pay for the goods exported. That is not even good common sense.

We found that out, to our sorrow, in decade that followed World War I. We found that out, but apparently we did not learn any lesson from it. We promoted a greatly increased export trade through several billion dollars of good American credits, largely furnished, it is true, by private capital.

But when the flow of American dollars and dollar credits from the United States to Europe ceased, the volume of exports to European countries dwindled to balance the imports of goods and services and our tourist expenditures in Europe.

Judging from the present trend of administration thinking and action, of which this proposed British loan-subsidy is only a part, we now propose to avoid the admitted mistakes we made in the field of foreign financing following World War I, by committing the same mistakes but on a two or three times greater scale.

The idea that making economic blunders in the forties three times larger

than the same blunders made in the twenties, will result in brilliant successes in the forties, where the same blunders of the twenties resulted in dismal failures and helped promote a world-wide depression, just does not make sense to me.

I am not particularly concerned about the rate of interest on the \$3,750,000,000 it is proposed to advance to the United Kingdom. So long as the interest, by the very terms of the agreement, does not have to be paid, it is not particularly important whether it is 2 percent or 1.67 percent or 1.63 percent.

I have very good authority for the statement I have just made. The late Lord Keynes, the British economist who sold the New Deal administration in this country on the program that deficit spending is a good cure for economic ills, was largely responsible for the terms of the Anglo-British financial agreement—commonly known as the British loan subsidy—which the Senate now has under consideration. His statement has been quoted before in hearings and on the floor of the Senate, but I desire to read it again at this time.

While interpreting the terms of this agreement to the House of Lords last December 17, Lord Keynes said:

We pay no interest for 6 years. After that we pay no interest in any year in which our exports have not been restored to a level which may be estimated at about 60 percent in excess of prewar.

Lord Barnaby wanted to know if that meant in volume or value.

Lord Keynes responded:

Volume. That is very important. I should have said so.

So I say the interest rate is not a material consideration. The size of the interest rate does not matter much if the agreement is so drawn that the interest will not have to be paid "unless convenient."

I think there is some merit in the contention of the British that they cannot afford to take this \$3,750,000,000 as a loan; that it can benefit them only if made as a grant—in other words, as a gift. The British know that American labor and industry, no matter how loudly their spokesman may declare in favor of free trade, on the show-down will not stand for imports into America of manufactured goods competing with our own, above and beyond the amount of home manufactured goods that we can export.

In other words, we cannot, and when the time comes will not, accept manufactured goods in payment of the debt. Britain's interest demands that Britain import raw materials and pay for these with manufactured goods—at a profit.

Therefore, I feel justified in saying that by the terms of the agreement itself Britain is not bound to pay interest unless it is convenient and profitable to do so. The realities of the situation make it highly improbable that either Britain or ourselves can allow the principal to be paid.

Just another word about the increased export trade which we will get from this loan and the loans which will have to be made to other countries after the British

loan is made. Such exports as we do make, to be paid for with the proceeds of this loan, will be made just at the time when the manufactured goods are most needed to supply the demands of our own people. The net immediate result will be a decreased supply of goods in this country, accompanied by an increase in dollars, which will add to the fires of inflation.

As a business proposition, as a world trade proposition, I do not believe the loan-subsidy can be justified as a loan. The matter of the blocked balances has been better explained by others than I could hope to detail in the time I expect to consume on this subject.

There is considerable merit in the proposal made by the Senator from Ohio [Mr. TART] that we decide how much Britain immediately needs in dollar exchange to get needed materials and supplies in this country to start the British wheels turning, and supply American dollars sufficient to get those materials and supplies from us—and supply them as a direct gift; a sort of postwar lend-lease if we wish to call it that.

Such action, as I see it, would at least have the merit of being honest with ourselves, particularly with our taxpayers, as well as with the British. I can see why the British protest against the terms of this agreement. They have a right to say, "You Americans are compelling us to make agreements to repay a loan when you and we both know we cannot repay, and you will not allow us to repay."

I can see also considerable merit in the proposal of the Senator from Arizona [Mr. MCFARLAND] that in return for an advance of dollars needed by Britain for rehabilitation, islands and bases off our coast which are important to our national defense should be turned over to us by Britain. In this way we would contribute to Britain something that she immediately needs, and we would get in return something of potential future value, possibly necessary at some time to our continued national existence.

I expect to support the amendment of the Senator from Arizona, and if that fails, then the amendment offered by the Senator from Ohio.

But I cannot support the joint resolution as it came from the committee. The United States cannot afford to make a gift of \$3,750,000,000 to Britain to sustain the British Empire, as I see it.

Also Britain cannot afford, down the road, to take the \$3,750,000,000 as a loan with any understanding that either principal or interest are to be repaid in full.

Under those conditions, Mr. President, instead of buying good will with this loan-subsidy, we would insure the promotion of ill will between Britain and ourselves. If the British stint themselves and make repayments, every repayment will remind them that Uncle Sam became Uncle Shylock when the war emergency was over. Whenever they fail to make a payment, many of our own people will feel that Britain has "gypped" the American people again.

Under these circumstances, I feel compelled to vote against the loan proposed in the joint resolution. I feel that in the long run it will work against the interests

of both the American people and the British people.

In my judgment the loan under the provisions contained in the agreement is unsound economically and dangerous politically to world trade and world peace.

I am ready to vote.

Mr. WILLIS. Mr. President, like all other Senators, I have studied every possible angle of the British loan proposal which we are now debating. I have read the arguments for the loan put out by the Department of State in reams of propaganda. I have listened to the radio speeches by various administration assistants.

Up to the present time I have not seen one sentence from these sources setting out any argument against the loan. Surely there must be something to be said on the other side of the question, but our tax-supported agencies are noticeably silent on the negative side of this issue, which in all fairness must be presented to the American people.

I have pondered the arguments pro and con from independent sources. There is no doubt but that there is real disagreement among the most thoughtful men of the Nation concerning this loan, just as there is violent disagreement among those not so noted for their sagacity and studiousness.

The advocates of this British loan have stressed two points of benefit to the United States: First, that it will build up a basis for world trade in which the United States will receive valuable returns. This argument is supported by a complex analysis of the relation of cartels, international exchange, and intricate principles of foreign trade. Second, that it will promote good will with Great Britain, and thereby enhance the prospects of world peace. Both of these objectives are theoretical and conjectural, though laudable. I desire to discuss the problem realistically from the viewpoint of the common citizen of our country.

So far as I am concerned, I have attempted in my thoughts about the pending joint resolution to lay aside all arguments which are based on hatred of the British or other prejudices or petty considerations.

I have been guided in making my decision to vote against the pending resolution by three prime considerations:

First, the immediate fiscal condition of this Nation.

Second, the wish of the American people.

Third, long-range relations between our Nation and other nations—not just relations between our Nation and Great Britain.

Mr. President, I realize that to mention our present national debt and the scarcity of consumer goods in this Nation today is hardly a way to make friends and to influence people in some circles. But I submit that there could not be a better occasion to consider these things than in a discussion of the British loan proposal.

In my judgment, this is a particularly inappropriate time to bring up a proposal for this country to lend the British

Government—or any other government—any money or credits beyond that to which we have already committed ourselves. The American people, having just contributed the greatest amount of war materials, having sacrificed more than 300,000 men on the altar of war, and having taken it on themselves voluntarily to cut down on their own food to help feed the needy of all countries, do not deserve to be asked to contribute any more to the material welfare of the British Empire, or any other part of the world, right now, beyond our humanitarian desire and obligation to help the hungry and the homeless.

When I consider such arguments as the one made by the distinguished senior Senator from Michigan [Mr. VANDENBERG] the other day—that without this loan, Bretton Woods is all but nullified—I am constrained to ask why someone did not mention that when the Bretton Woods legislation was being debated here. If all the legislation to build a postwar world of peace and light depends on more and more gifts or loans from the American people, I ask in the name of the people themselves: "When will the end come to such things?"

For month after month, as the administration has unfolded its program of so-called international cooperation, many of us have gone along, thinking that each measure would be the last, and that somehow, sometime, somewhere, we would have surcease from the necessity of making huge new grants to other nations for this or that purpose. Yet, apparently, each proposal is but the genesis of another proposal which, it is said, is even more important than its predecessor. The operation of the process seems to have a chain effect. We were told that world financial stability, as envisioned in the UN, depended upon the passage of the Bretton Woods legislation. Now we are told that the success of Bretton Woods is dependent upon this loan. Perhaps in several more months, if we pass this resolution, we shall be told that it will be less than useless if we do not pass other resolutions providing for loans to Russia, France, China, or any of a dozen other nations.

Mr. President, I repeat that from an economic standpoint this is a particularly bad time to bring up a proposal to lend money on the part of this Government. The fact is, and every Senator knows it, that we are faced in this Nation today with the greatest burden of public debt ever faced by any nation which has not gone bankrupt or into a wild spiral of inflation. Every penny added to our public expenditure—and the over \$4,000,000,000 provided for in this resolution is hardly chicken feed—adds to the burden of the American taxpayer.

It is an amazing thing to me, as I think of it sometimes, that anyone in this country seriously could talk of lending Government money in any amount for any purpose in view of the fact that we are head over heels in debt already. But we seem simply to overlook this huge public debt and to go on talking as if it did not really exist. But it does exist—and it is the biggest single economic problem before this Nation today.

The size of our public debt, Mr. President, determines in a very real sense the value of the dollars you and I and all our citizens spend each day. It determines how much control the Federal Government will have to retain over various facets of our lives in the coming months and years. There are some thoughtless persons who say that it would make no difference if the debt were trillions or if it were thousands. They say that it is just a paper figure and that most people do not ever know what the public debt is. They say that it has no effect on our lives.

But you and I, Mr. President, know differently. Every Senator ought to realize that our present huge public debt—brought about, as it was, by deficit financing of the Federal Government—means continued high and higher prices for many years to come. Just servicing the interest on the debt requires billions of dollars a year—and those dollars have to be raised through taxes.

Our debt represents a greater sum than the total amount which is owed by all the other people in the world put together, including those in the British Empire. The debt of the British Commonwealth and Empire, including Canada, New Zealand, and Australia, is less than one-half our public debt. Their debt is only \$133,000,000,000. Our debt is at least \$140,000,000,000 greater.

Yet, our area is less than one-tenth that of our allies in the late war, and they have 10 inhabitants for every 1 in America. In making this comparison, I include all the Allies who either have requested or will request, loans from us.

I submit that this is a poor time for us to be talking about lending anyone \$4,000,000,000, when our own Government owes approximately \$275,000,000,000; and especially is it a poor time to think of making such a loan to an empire which, if a true balance were taken of all its resources, is as financially well off as we ourselves are.

The British Empire embraces more than one-fourth of the globe, and includes within its broad expanses great diamond mines, gold mines, uncounted acres of farm land, oil fields, great areas of unexplored natural wealth. Its leaders have been telling a hard-luck story and crying on the shoulders of other nations for decades, while the average people have been sinking more and more into serfdom and voting blindly for more and more state control.

Of course, Great Britain suffered tragic losses during the war, and that country will require a long period of time to regain its economic normality. But, according to reports published in British newspapers, her plight is not hopeless. Since VE-day, while this country has been involved in great confusion due to the unholy admixture of state control and free enterprise, Great Britain has made, according to her business leaders, very gratifying advances. I quote from the London Daily Express of April 9, 1946:

BRITAIN'S TRADE FUTURE

Business confidence in this country is rising. It is not inspired by Government propaganda, nor for that matter by the Government's deeds, which have so far tended to

depress rather than raise hopes. But it grows daily out of the facts as they become evident to the merchants and exporters now being let loose on the outside world—facts about markets, facts about competition.

For instance, one of the people who express confidence is Mr. Dowty—George Herbert Dowty, of Dowty Equipment, concerned with retractable undercarriages. Mr. Dowty started off in 1930 with an idea in a small room above a garage. Discouraged at home, his first useful order came from the Japanese. But by 1939 everyone wanted his equipment, and during the war the Government contracts with his company totaled 40,000,000 pounds. Mr. Dowty is just back from America, and it would do you good to talk to him. His verdict is: If we make the most of our chances, we shall be on top of the world again in no time.

He has seen a lot of the mighty American industrial machine, and he has the liveliest respect for it. But these are his conclusions:

First, America is concentrating on her home market. Export demand comes second with her manufacturers. The foreign buyer gets a warmer welcome in Britain.

Second, Immune from bombing, America threw her resources into vast wartime plants on new sites, capable of dealing with vast orders, but less suitably equipped, with their enormous overheads, for dealing with smaller peacetime orders at competitive prices.

Britain's industrial resources under bombing were dispersed. Trades swiftly converted to war uses are swiftly converted back.

So, Mr. Dowty concludes, Britain can go ahead in confidence, selling the goods abroad as fast as she can make them.

A grand and glorious feeling. Great energies released, great markets wide open, in a world starved of goods and eager for services, not next year or 3 years hence but now.

May the confidence of an able businessman be reflected in a budget of opportunity today. One good boost, and British production and export can astonish the world in the next 12 months.

Mr. President, the second reason why I shall vote in opposition to this loan is that I am convinced that it does not have the approval of the great majority of the people of my State of Indiana, and neither do I believe it has the approval of the majority of the people of the country. While it is the duty of an elected representative of the people to vote his conviction on a subject to which he has given searching study, in this instance I find my conviction to coincide with popular opinion. We should have faith in the innate good sense of the American people. I have more confidence in the common denominator of opinion of American citizens when it comes to matters of money than I have in the theories of philosophers or the conclusions of so-called financial experts who stand to profit whether the people who pay the bill win or lose. This loan will cost the average taxpaying family in America approximately \$160, and that is not a sum to be voted lightly in these fast-pressing days of financial hardship. The white-collar low-salary small-income group have a right to say to whom their money shall be lent and whether they want to gamble that amount on a scheme of doubtful benefit.

I could vote for the pending joint resolution only if the amendment which will be submitted by the distinguished Senator from Colorado [Mr. JOHNSON] should be adopted. That amendment, as I understand, would provide for rais-

ing the money by a special British loan bond issue, with those Americans who feel they could afford to lend their money being allowed to do so, but those who do not want to lend money not being made to do so. In effect, by passing the pending joint resolution, in its present form, we would be obligating millions of taxpayers to lend money when they are opposed to the very idea. I do not think that would be fair to those who feel in their hearts that the loan, at this time, is utterly wrong.

My distinguished colleague the Senator from Michigan [Mr. VANDENBERG] stated that our Nation has the greatest industrial capacity of any nation in the world. He pointed out that in 1946 we possessed 60 percent of the world's factory output and otherwise painted a beautiful picture of conditions in America.

Yet, the sad fact remains, Mr. President, that many millions of Americans today cannot buy the consumer goods they need because our factories, for one reason or another, are not turning out a sufficient quantity of goods to meet the demands of our own country. It is all right for us to stand here on the floor of the Senate and tell what enormous productive capacities this Nation has, or for the administration to claim, rightly or wrongly, that more goods are being produced now than were produced in the best peacetime year before the war. But if anyone thinks that these claims, or these oratorical word pictures, can take the place of an automobile for which a man has been waiting month after month—and not getting—or if anyone thinks this makes the plight of a woman who needs a washing machine any easier, he is sadly mistaken.

I venture the assertion, Mr. President, that it will be years before American consumers can go into appliance stores, or automobile sales agencies, or other establishments, and buy what they need when they need it. And I declare that until that time comes, we should not lend American money which will be used to compete with the dollars of our own people for our American goods.

During the next 3 to 5 years, at least, and possibly for a much longer period, the American people will buy everything worth buying that is produced in this country. I do not believe some of my colleagues realize the tremendous pent-up consumer demand in this Nation today when they speak of trying to get other nations to do more trading here in the immediate future. In my judgment, the market for such things as automobiles, refrigerators, washing machines, and other household and farm appliances is well-nigh inexhaustible.

Looking at the pending resolution from the long-range standpoint, I cannot see how our Nation can promote the peace of the world by making the British more than ever dependent upon us. If this were an outright gift, with no strings attached, its importance as a barrier to future trade would not be as great as it will be as a loan. If approved, this loan, which likely will never be repaid, will hang like a millstone about the

neck of the British and the Americans for many long decades to come.

It has been rumored that other demands for loans will be made upon us by other nations, Mr. President. These rumors are labeled "unfounded" by the same men who, only a year ago, labeled "unfounded" the rumors that the British were going to ask us for a loan. When Will Clayton first went to London in connection with this proposal, administration leaders here disclaimed any knowledge of the forthcoming discussions about the British loan. Yet, as we know, the loan proposals came about.

If we lend this vast sum—and it is four times the whole Federal pay roll in America in 1932—to Great Britain, other nations who are already standing in line for additional grants will feel hurt if their requests are not approved.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. WILLIS. I yield.

Mr. TAFT. I do not know whether the Senator saw the statement in the New York Times this morning relating to the possibility of a loan to France, but the statement reads as follows:

PARIS, May 1.—In a 2½-hour talk between Secretary of State James F. Byrnes and Foreign Minister Georges Bidault today, during which both spoke to President Truman by trans-Atlantic telephone, Mr. Byrnes told M. Bidault that the Cabinet had taken an important and favorable decision for France today. It is understood that he alluded to an Export-Import Bank loan and other credits that are expected to approach \$1,000,000,000.

So already other nations are about to act on the basis of our lending policy toward Great Britain.

Mr. WILLIS. I thank the Senator for his contribution.

Mr. President, today France has in Washington a Socialist emissary, Leon Blum. He is seeking \$2,500,000,000. China is about to ask for a huge loan. A Russian request for \$1,000,000,000 was "found" in the State Department files after high administration leaders had denied for months that such a request had been made.

Authoritative estimates place at \$15,000,000,000 the amount of loans which will be requested from us, including the British request. Yet, so far, the Congress has authorized expenditure of almost \$10,000,000,000 in loans and gifts through the Export-Import Bank and other agencies.

While I have to admit that I do not know whether or not this body will be faced with similar proposals for other nations, I submit, Mr. President, that virtually the same arguments, with trimmings, could be made for loans to any nation under the sun, with the possible exception of Italy, Germany, and Japan.

If we are going to maintain an understandable and practical foreign policy through which we can have hopes for an enduring peace in the world it will have to be based on three clear policies: First, put complete confidence in the United Nations as the instrument for solving international problems. This confidence cannot be developed through bilateral agreements made without the consent

and knowledge of the United Nations; second, refrain from entangling alliances in diplomatic problems of which we have no understanding and no matching skill of diplomacy; third, the maintenance of adequate military protection, so that our statements will not appear to be vain boasting.

In view of the British record, and the record of virtually all other nations, of failing to repay their international financial obligations, Mr. President, "I am amazed that anyone should take seriously their statements, or the statements of any Senator, that this so-called loan will be repaid."

On July 1, 1945, foreign countries still owed the United States \$14,791,340,307 in World War I debts, of which a large proportion was owed by the selfsame government with which the agreements embodied in the pending joint resolution were negotiated. All but one of these nations—Finland—were in default in varying amounts, and for all practical purposes the debts have been written off. In view of such a record, I repeat, I do not believe that any man could state seriously that he believes this mis-called loan will be repaid. I am convinced of this one point if of no other—that we shall never collect even one-half of this loan back from the British, in case it is granted.

Mr. President, the truth is that the proposed loan, if approved, will prove inflationary in our country. It will run our public debt up higher at a time when we ought to be cutting the debt regularly in fact and not in fiction. If the loan is approved, the cost of living will go up in America, but it will not go down in England. The money will be used to enrich the monopolists and to bolster a shaky Socialist regime in England. It will not help the average American or the average Britisher, both of whom already are so far in public debt it is likely that not one of them will live to see the day when his nation is financially solvent.

A great Englishman once said that a loan "oft loses both itself and friend." This loan, bitterly opposed by many high British officials, if approved by us may prove a stumbling block in our relations for decades to come. Even more important, it may prove a stumbling block in our relations with other nations whose friendship we desire as sincerely as we desire the good wishes of the British.

Mr. BUTLER obtained the floor.

Mr. WHERRY. Mr. President, will my colleague yield for a question?

The PRESIDING OFFICER (Mr. HOEY in the chair). Does the Senator from Nebraska yield to his colleague?

Mr. BUTLER. I yield.

Mr. WHERRY. In view of the statement made by the distinguished Senator from Indiana, I should like to ask the distinguished Senator from Ohio a question relative to the sale of surplus property. In a speech delivered by him recently on the floor of the Senate, I recall, though I think the amounts were not recapitulated, that he stated what we cancel with England when we make this loan. As I caught it from the distinguished Senator from Ohio, we cancel,

or at least by implication cancel, the balance of the first loan, what we term "the First World War loan," and also cancel the net balance due on the second war. Then there came three or four items which have been furnished the United Kingdom since VJ-day, and, in addition, there were all of the unused materials in Britain, which I understand from the Jesse Jones' report exceeded in value \$6,000,000,000. Does that include the surplus property mentioned in the Anglo-American financial and commercial agreement which was furnished in the amount of \$532,000,000? What I am trying to get at is this: Have we had for the Record a complete statement of the total debts we are canceling to Great Britain when we make this loan, and does the statement include the total amount of the unused materials, listed at \$6,000,000,000 in the statement made by Mr. Jesse Jones, which I think is taken from the Truman committee report? Does that include the amount for surplus property sold to Great Britain? The statement on page 5 of the report on Anglo-American financial and commercial agreement is \$532,000,000.

Mr. TAFT. Mr. President, my impression is that, so far as surplus property is concerned, there is only one total and that is approximately \$650,000,000.

Mr. WHERRY. I quote from a statement which was made by the distinguished Senator from Indiana [Mr. CAPEHART] and printed in the RECORD, as follows:

Another point worth considering is that our executive departments have already sold Britain the more than \$6,000,000,000 of our unused materials now in Britain or on the way there for about 10 cents on the dollar.

Mr. TAFT. The total lend-lease balance, that is for goods already delivered, amounted to about \$20,000,000,000 which was canceled. In addition to this, about \$6,500,000,000 worth of property, some of which had been lend-lease or was in the course of going to England or was in the lend-lease pipe lines, was sold to Great Britain for \$650,000,000 or 10 cents on the dollar. The total which was sold amounted to \$6,500,000,000 of which the great majority was military property in the hands of the British Army, something in the neighborhood, as I remember it, of \$4,700,000,000, according to a statement of the lend-lease authorities. They divide up the \$650,000,000 saying \$118,000,000 of it was full payment for lend-lease goods declared surplus and \$532,000,000 was less than 10 cents on the dollar on the rest of the goods transferred. So that altogether we have transferred \$6,500,000,000 of goods for \$650,000,000. However, it is fair to say that as to the part that was military lend-lease it is questionable what value it may have.

I pointed out, however, in my speech that of the grand total some \$100,000,000 perhaps, represented goods which had a full value for civilian purposes.

Mr. WHERRY. Mr. President, will the Senator yield further?

Mr. BUTLER. I yield.

Mr. WHERRY. Has any of that surplus property been purchased by UNRRA?

Mr. TAFT. UNRRA has nothing whatever to do with the \$6,500,000,000 of surplus property.

Mr. WHERRY. These are materials which would not be purchased by UNRRA?

Mr. TAFT. No; they were goods that were already on the way to England or already in England, as well as the military property in the hands of the British Army.

Mr. WHERRY. It is stated in this report that the sale of these materials had been severely criticized by the Mead committee. Is it because it covered materials that were sold, or because they were sold at 10 cents on the dollar?

Mr. TAFT. No. I think that if the Senator will read the Mead committee report he will find they thought it was a very generous settlement. That is about all can be said.

Mr. JOHNSON of Colorado. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Colorado?

Mr. BUTLER. I yield.

Mr. JOHNSON of Colorado. With reference to the inquiry propounded by the distinguished junior Senator from Nebraska [Mr. WHERRY], it should be said that the complete settlement, whatever it may be—lend-lease, plus surplus property, plus everything else Britain owes us—is included in our settlement of \$4,400,000,000, and that of course includes the \$3,750,000,000 proposed loan. But that is all of it. The matter is very confusing, and I have searched diligently in an effort to ascertain how much of it was lend-lease, and how much of it was surplus property, and then a classification of the surplus property, a break-down. I have not been able to get a clear-cut, straightforward inventory of what we are settling in this final settlement with Great Britain.

Mr. WHERRY. That is exactly the information I was seeking.

Mr. TAFT. Will the senior Senator from Nebraska yield?

Mr. BUTLER. I yield.

Mr. TAFT. There is a reasonably detailed statement in the Mead committee report, giving the different types of material. It does not go into great detail, but I think it is the detail we could expect to get.

Mr. WHERRY. Mr. President, will my colleague yield for another question?

Mr. BUTLER. I yield.

Mr. WHERRY. There is one point I should like to press further. I should like to get information about it; I think it would be most helpful. We talk of what we are canceling with Great Britain upon making this loan. If I understood the able Senator from Ohio correctly a few days ago when he made his address, I think he stated, by implication at least, that first we cancel whatever debt Great Britain owes us as a result of the First World War.

Mr. TAFT. What I mean is that all calculations are based on the ability of England to pay, but it is assumed they are not going to pay anything on the First World War debt. I think it is fair therefore to say that by implication we

have canceled the First World War debt. We told the British that we did not expect them to pay it. I think that is a fair statement.

Mr. WHERRY. Would the Senator care to give the amount at this time?

Mr. TAFT. The principal amounts to about \$4,000,000,000, and the interest to about \$2,200,000,000.

Mr. WHERRY. So that if we approve this agreement, we at least morally have written off, and do not expect to collect, any more money on loans incurred from the First World War?

Mr. TAFT. I never had expected we would collect any money on it, but we never have made any statement up to date, so far as I know, that we were forgiving it.

Mr. WHERRY. In addition to that amount, what is the total net amount we are canceling under lend-lease, surplus property, money advanced in any shape or form, that we are writing off, as a result of Second World War?

Mr. TAFT. Lend-lease amounts to about \$20,000,000,000, and in this surplus-property agreement we write off—without discussing the fairness of the deal—the difference between 6½ billion and \$650,000,000, or \$5,850,000,000, in our costs. I do not say it is worth that amount to the British, but if that had been delivered it would have been added to the lend-lease bill which we are now forgiving.

Mr. WHERRY. So that the record would show now that if we cancel the amount of the First World War loan, and about 6½ billion dollars, and then if we cancel the net amount of the lend-lease, and the money advanced in every way, shape, and form to the United Kingdom, there would be another twenty billion?

Mr. TAFT. Those three items put together would total about \$32,000,000,000, if the Senator wants the total figure.

Mr. WHERRY. I thank the Senator. Finally, we get the picture that if we add them all together and cancel every obligation it makes the amount we are to cancel nearly \$32,000,000,000, and for that we get a loan of \$650,000,000, without interest, that they would pay if they could. Is that it?

Mr. TAFT. What we are canceling is \$32,000,000,000, and we are lending them \$4,400,000,000 more.

Mr. WHERRY. But we are lending the \$3,750,000,000 for one purpose, and the balance of it as a token payment for what we are canceling, are we not?

Mr. TAFT. That is correct. We are wiping out approximately \$32,000,000,000, while \$650,000,000 of goods are to be paid for later.

Mr. WHERRY. For the \$650,000,000 loan we cancel \$32,000,000,000 of debt, approximately?

Mr. TAFT. Not for it.

Mr. WHERRY. It is a consideration, is it not?

Mr. TAFT. We cancel \$32,000,000,000, and we loan more. The consideration is on the same side.

Mr. WHERRY. They do not pay it to us. We lend it to them to pay it to us, and we cancel it.

Mr. TAFT. Yes. If the Senator wants to add it all up, the total outgo

from this country is \$36,400,000,000, for which we get an obligation of \$4,400,000,000, if the Senator wants to total everything up.

Mr. WHERRY. I should like to ask one more question, if my colleague will yield to me.

Mr. BUTLER. I yield, provided the majority leader does not object to my holding the floor for that purpose.

Mr. WHERRY. The majority leader seems to be engaged otherwise. I should like to ask one further question. It has been brought to my attention, regardless of the testimony and the statement made, that included in this surplus property there are some implements, some trucks, something that would be of service to UNRRA or to people in the United States. I should like to ask this question, If there is included in the surplus property we are settling, any usable machinery, or implements: If UNRRA does buy any of the surplus property, does not UNRRA pay the full value for it?

Mr. TAFT. If UNRRA buys it from the British—and I do not know that there is any absolute prohibition of that—I suppose they would pay the British the full value for it.

Mr. WHERRY. We contribute 75 percent of the funds to UNRRA. Now if we buy any trucks out of the surplus property we sell the United Kingdom, we not only have bought and paid for them in the first instance, but we turn around and give the British the full amount, for goods they buy for 10 cents on the dollar. We practically pay for that equipment twice.

Mr. TAFT. I have no evidence that UNRRA is buying from the British. We have much surplus property in this country, in addition to what we have sold to the British. My understanding is that UNRRA is buying some of this surplus property from us, for which they pay cash. I have no knowledge that UNRRA is going to buy from the British goods which the British have bought from us, but as the British have bought them from us, I presume they could sell them to UNRRA if UNRRA wished to buy them.

Mr. WHERRY. I thank the Senator for the information he has furnished. I thank my distinguished colleague also.

I should like to ask those who have gone into this case in detail to give us a break-down of what the total sum is. It seems to me there is something in this surplus property which can be used in this country, and if we are selling this surplus property at 10 cents on the dollar and permitting some agency to which we contribute 75 percent to buy back I think that is poor business, and the taxpayers will most certainly object to such business procedure.

Mr. TAFT. I suggest that the Senator put into the RECORD as a part of his remarks the table given on pages 28 and 29 of the Mead committee report. That is the greatest detail I know of on that subject.

Mr. WHERRY. Very well. I thank the Senator for his suggestion. I ask unanimous consent that at this point in my remarks there be printed the table,

and any other table I can get from any other Government agency which will give some light on what the surplus property is that we are paying for twice, when we are canceling a debt in the amount of \$6,500,000,000 at 10 cents on the dollar.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Undistributed civilian inventory (goods held in stock by civilian agencies of the United Kingdom): ¹	
Food products.....	\$237,861,219
Raw materials.....	179,740,559
Manufactured items.....	19,622,515
Bunker coal.....	579,878
Miscellaneous in colonies.....	2,031,270

Total 439,835,441

Distributed civilian inventory (goods distributed through channels of British economy, excluding machine tools, which have been and will be paid for separately):	
Agricultural machinery.....	36,300,000
Mining machinery.....	18,150,000
Miscellaneous machinery and equipment.....	18,573,500
Equipment in colonies.....	11,460,347

Total 84,483,847

Petroleum, both military and civilian (cost includes total ocean freight).....	143,340,000
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Noncombat aircraft (at average original United States cost):	
Noncombat aircraft transferred to United Kingdom.....	74,440,000
Noncombat aircraft leased to United Kingdom (lease price for 7,213 aircraft-months is \$2,404,333).....	67,100,000
Noncombat aircraft to be returned to United States.....	65,680,000

Total noncombat aircraft in inventory.....	207,220,000
Lend-lease interest in installations in United Kingdom and colonies (estimated United States cost).....	34,000,000
Ships: Nonnaval vessels under 100 gross tons.....	4,000,000

All vessels transferred under the Lend-Lease Act other than those above shall be returned and where chartered, shall be returned in accordance with their charters.

Total civilian type unconsumed lend-lease.....	912,879,288
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Military inventory (goods held by the armed forces of the United Kingdom other than categories (c), (d), and (f) above):

Food.....	129,403,034
RAF aircraft (combat types at average United States original cost)....	851,199,000
RNAF aircraft (combat types at average United States original costs)....	330,861,224

¹ Pursuant to our request for an inventory, the pricing was done by us.

Military inventory, etc.—Con.	
Ground Force equipment.....	\$3,393,592,304
Naval equipment and aeronautical parts and equipment.....	(²)

Total military type unconsumed lend-lease.....	4,705,055,562
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Total of all unconsumed lend-lease.....	5,617,934,850
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² Inventories not yet fully completed.

Mr. JOHNSON of Colorado. Mr. President, will the Senator from Nebraska yield?

Mr. BUTLER. I yield.

Mr. JOHNSON of Colorado. I join the junior Senator from Nebraska in asking the proponents of the loan to furnish us with a complete balance sheet, set out in detail, as to what amounts we are canceling and what we are paying, so that he who runs may read and know what this is all about.

I will admit that I have tried diligently to obtain that information for myself and I have failed. I have not been able to obtain it. The situation is very confused. First, one gets a report that carries with it a part of what he is seeking, and then some other report carries something else, and the first thing he knows he is wound up in a great many conflicts and carry-overs. I have not been able to break the thing down.

Mr. WHERRY. Neither have I.

Mr. JOHNSON of Colorado. I have not been able to break it down so that I can know what this all really amounts to.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. BUTLER. I yield.

Mr. SHIPSTEAD. I wish to offer the suggestion that, in addition to the matters just referred to, there should be collected and published data with respect to the amount of exports of lumber and farm tractors and farm machinery. My information is that approximately 10,000 farm tractors are scheduled to be shipped abroad. My information also is that lumber cut into the shape of 4 by 4's or 6 by 6's, by reason of the regulations of OPA, is being sent to foreign countries by the hundreds of millions of board feet at a time when we here have a shortage of lumber—a material which is necessary in order to build homes, not only for the GI's but for all our people. I think data on that subject should be gathered so we may know where this material is going.

Mr. JOHNSON of Colorado subsequently said: Mr. President, the Senator from Minnesota [Mr. SHIPSTEAD] made some comments a moment ago with respect to merchandise which still seemed to be flowing to the United Kingdom. I tried to trace that down, and I discovered that the settlement agreement did cover merchandise which was in the pipe lines. I have a suspicion that the goods in the pipe lines do not consist merely of goods in transit on the ocean, but that they include goods in some of the ports in America.

So I believe that the statement made by the Senator from Minnesota will be supported by the facts when they are disclosed, and that it will be found that

currently merchandise is still going to the United Kingdom under the settlement, long after the settlement has been made.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. BUTLER. I yield.

Mr. SHIPSTEAD. My information does not indicate where the lumber is going, but it is scheduled to go to foreign countries.

REQUEST FOR PERMISSION FOR AMERICAN FLYERS TO TESTIFY AT TRIAL OF MIHAILOVICH

Mr. O'DANIEL. Mr. President, will the Senator yield?

Mr. BUTLER. I yield.

Mr. O'DANIEL. Recently a delegation of about 23 World War veterans came to Washington, veterans who either crashed or bailed out over Yugoslavia during the World War, whose lives were saved by Gen. Draja Mihailovich because he kept them from being captured by the Germans. This delegation of about 23 former fliers came from all parts of the United States, except two who come from Canada. They represented about 600 American fliers who either crashed or bailed out over Yugoslavia or surrounding territory and were saved by the activities of General Mihailovich. These veterans came here for the purpose of seeking an interview with the State Department and with the President of the United States, to see if their testimony might be given in support of General Mihailovich at his coming trial.

Some of these boys were from Texas. Mike McKool is from Dallas, Tex., and Gus T. Brown, Jr., is from Luling, Tex. Their case is presented so clearly and precisely in a letter written by Mike McKool, of Dallas, one of the boys who bailed out over Yugoslavia, and owes his life to General Mihailovich for protecting him against capture by the Germans, that I want to read a copy of his letter addressed to the President of the United States, Harry S. Truman, as follows:

MARCH 25, 1946.

HARRY S. TRUMAN,

President of the United States,
Washington, D. C.

DEAR MR. PRESIDENT: It is not often, Mr. President, that the average citizen writes you. But I feel you are in a much better position to help me than anyone else.

Here is my problem: On February 5, 1946, there appeared in my local newspaper, the Dallas Times Herald, an Associated Press story which stated that the Russians at Nuernberg were preparing evidence for the coming trial of Gen. Draja Mihailovich, the leader of the Chetnik forces in Yugoslavia. The Russian prosecutors are claiming that General Mihailovich aided the Germans during the war. And today, March 25, in the Dallas Morning News a Reuter's story revealed that General Mihailovich had been arrested.

In 1944 I was a tail gunner on a B-24 in the Fifteenth Air Force in Italy, and the rumors circulating among our boys at the time were to the effect that "the Chetniks were cooperating with the Germans; that they were our enemies; that they would turn over all Americans to the Germans," etc.

On July 4, 1944, my crew was forced to bail out over "Yugo." The Chetniks rescued me and my crew from the Germans. When the Germans didn't catch any of us Americans, they took 20 hostages from among the peasants in the area, all of whom were sympa-

thizers of the Chetniks. Ten of these hostages were shot when the Germans couldn't get any information from them as to where we escaped—and more than likely they didn't know. Is it possible that these Chetniks and their sympathizers would aid and cooperate with the Germans?

I walked some 500 miles during my 38 days with the Chetniks, and I had the opportunity to meet a lot of them. Very frequently during our travels we met women—old women—who on finding out we were Americans would kiss our hands and cry their hearts out to us. The story would nearly be the same every time—the Germans killed her sons, or carried her daughters away, or sent her sons to concentration camps or forced labor battalions, or burned her home, etc. Periodically the Germans sent troops to the different farms who helped themselves to whatever chickens, pigs, cows, fruits, vegetables, etc., which could be found. The peasants were given IOU's from the German Government for their products, and if any of the Serbians objected to this method, they were lined up and shot for questioning the German Government's authority. Is it possible that these Chetniks and their sympathizers would aid and cooperate with the Germans?

Once I passed through a small town by the name of Gor Milanovic, which in normal times had a population of about 3,000. But when I passed through it, the entire town with the exception of a church was completely burned to the ground—and I mean "to the ground" with flame throwers. The reason? A group of German soldiers were ambushed and wiped out near this town by the Chetniks. A strong German garrison was sent to seek revenge, which they did by killing all the inhabitants they could catch and burning out their city with flame throwers. Is it possible that these Chetniks and their sympathizers would aid and cooperate with the Germans?

The Chetniks took just as terrific a beating from the Germans as did any other group of people. They rescued and cared for hundreds and hundreds of other Americans like myself. In my group alone which was evacuated from "Yugo" on August 9-10, 1944, there were nearly 200 Americans and a few Englishmen, a few Frenchmen, a few Italians, and even a few Russians who were aided by the Chetniks. Is it possible that these Chetniks who aided all these Allied soldiers would aid and cooperate with the Germans?

While under their care, the Chetniks gave us everything they had to make us comfortable, even though they didn't have but a very little to offer. Many a time they gave us their last sip of "raykia" (whisky made from plums), last loaf of bread, last bit of cheese, etc. Whenever we were lucky enough to stay in a home, they gave us their own beds and they slept on the floor. Is it possible that these Chetniks and their sympathizers would aid and cooperate with the Germans?

For about 2 weeks I traveled with a band of 800 Chetniks and I became very friendly with the "capitan prima classe" who was in charge of these soldiers and also with the common soldiers. In fact during every day of my time spent in "Yugo," I was in constant contact with the Chetnik soldiers and sympathizers. I even met General Mihailovich on one occasion. And I can truthfully say I never ran across one single Chetnik soldier or sympathizer who did not carry in his heart a very intense hatred for the Germans who had invaded and were occupying their country. Is it possible that these Chetniks and their sympathizers would aid and cooperate with the Germans?

Of course, it is true that Mihailovich's Chetniks did not get along with Tito's Partisans and that they fought each other at every opportunity. But that was because of their different political beliefs. It is not fair nor just to try Mihailovich for aiding the

Germans because he fought against Tito. If so, then for the same reasons, Tito should be brought to trial for aiding the Germans because he was fighting against the Chetniks.

I feel that I possibly owe my life to General Mihailovich and his Chetniks and I want to do everything I can to help him in his approaching trial. In this I'm sure I am expressing the feelings of hundreds of other American airmen who were aided by the Chetniks.

Here's what I would like for you to do, Mr. President. Please let me know how I can best use my personal knowledge and experiences to help General Mihailovich. Justice and fair play demand that all sides of this case be presented to the court so it can reach a just decision.

I would be more than glad to go to Nuernberg, Germany, at my own expense as a witness in behalf of General Mihailovich. I would also be willing to aid in Mihailovich's defense if I could be of any help to him. I took my Texas State bar examination last month, but it will be two more weeks before I hear whether I am or am not a lawyer.

Please let me know, Mr. President, whether or not I will be able to submit a deposition for the trial; whether or not I will be able to get priority for air travel to Nuernberg if I could be of aid to General Mihailovich's defense; and, also, how and where I will be able to get in touch with General Mihailovich's counsel.

Respectfully yours,

MIKE MCKOOL.

DALLAS, TEX.

Mr. President, there is nothing more laudable than for a man who owes his life to another offering to come to the defense of that other man when he is in trouble. I commend and congratulate the splendid patriotic American boys for their fidelity to their benefactor, General Mihailovich, when his life is threatened. The American airmen who were shot down over Yugoslavia are not attempting to dictate the policy of our State Department on international problems. They are not attempting to say whether Mihailovich is innocent or guilty. They simply want the opportunity to go to the trial as material witnesses. If they are not permitted to attend the trial and testify they ask that they be given an opportunity to send sworn testimony concerning the knowledge which they have regarding the attitude and actions of Mihailovich so far as acquired through personal contact and other first-hand knowledge. So I read this letter in order that Senators may understand just exactly what this problem is, as related by this American soldier, Mike McKool, who was shot down over Yugoslavia and who now comes to the defense of the man who saved him from the Germans.

These representatives of the 600 or more airmen who had similar experiences have just passed a resolution, signed by the National Committee of American Airmen to Aid General Mihailovich and the Serbian people. It is signed by a number of individuals. The petition is addressed to our President, Harry S. Truman, at the White House, asking that they be permitted to testify in defense of General Mihailovich or send depositions.

Mr. President, I believe that our President should give these representatives an audience, and give consideration to their earnest plea. I hope he does. I

also urge that our State Department give heed to their earnest plea and demand a fair trial for General Mihailovich before an honest and unbiased tribunal, where all evidence and testimony will be considered, and especially the testimony of these American fliers.

I ask unanimous consent that the petition which I just mentioned be printed in the RECORD at this point as a part of my remarks.

There being no objection, the petition was ordered to be printed in the RECORD, as follows:

The Honorable HARRY S. TRUMAN,
President of the United States,
White House, Washington, D. C.

MR. PRESIDENT: We, the undersigned, National Committee of American Airmen To Aid Gen. Draja Mihailovich and the Serbian People, representing the American fliers whose lives were saved by General Mihailovich and his Chetniks in Yugoslavia, and being motivated by the sense of justice and gratitude, wish to submit to you, Mr. President, the following petition:

"Considering the present decision of Tito's government to try Gen. Draja Mihailovich, his political rival, before the so-called people's court at Belgrade, Yugoslavia, we believe that a grave injustice will be done to General Mihailovich and the Serbian people, who have shown every loyalty and given every possible sacrifice for our American and the Allied cause during the Second World War, unless our Government takes immediate steps for defense of Gen. Draja Mihailovich.

"Wherefore, we most sincerely plead with you, Mr. President, to extend the influence of your high office and bring about the following:

"(a) That the United States intercede and demand that General Mihailovich be given a fair trial by an inter-Allied tribunal;

"(b) That American airmen and intelligence officers assigned to the headquarters of General Mihailovich be given an opportunity to testify as defense witnesses at such a trial, and

"(c) That the documents from the files of the War and State Departments pertaining to the case of General Mihailovich be immediately published."

We are confident that if given a chance to defend himself at a fair inter-Allied trial, and if our testimony is admitted in such a trial, General Mihailovich will be judged a worthy ally and not a war criminal, as Tito's government alleges.

National Committee of American Airmen To Aid General Mihailovich and the Serbian People; William L. Rogers, Lieutenant, Air Corps Reserve, Chairman; David J. O'Connell, Sergeant, Air Corps Reserve, Secretary; Charles L. Davis, Washington, D. C.; George Salapa, Jr., Cleveland, Ohio; Gus T. Brown, Jr., Luling, Tex.; Gerald E. Wagner, Roanoke, Va.; John F. O'Grady, Jr., Clifton, N. J.; David E. La Bissoniere, Milan, Wis.; John P. Durbin, Pittsburgh, Pa.; Donald F. Rice, New York City; Denzil I. Radabaugh, Masontown, W. Va.; Hal D. Sauter, Detroit, Mich.; Mike McKool, Dallas, Tex.; Neal S. Janosky, Milwaukee, Wis.; Robert W. Ekman, Chicago, Ill.; Oscar Menaker, New York, N. Y.; Charles F. Graetz, Chicago, Ill.

BONUS PROGRAM IN CONNECTION WITH WHEAT AND CORN

Mr. LANGER. Mr. President, will the Senator yield?

Mr. BUTLER. I yield for a short time.

Mr. LANGER. I wish to insert some letters and telegrams in the RECORD.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter which I have received from Hon. C. W. Buttz, a district judge in the State of North Dakota, which commends me for introducing Senate bill 2118, dealing with the 30-cent wheat bonus.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DISTRICT COURT CHAMBERS,
Devils Lake, N. Dak., April 29, 1946.
Hon. WILLIAM LANGER,
Senate Office Building,
Washington, D. C.

MY DEAR SENATOR LANGER: Newspaper reports indicate that you have introduced a bill providing for a bonus payment of 30 cents per bushel to those farmers who marketed their wheat in 1945 and prior to the present offer in 1946. I want to congratulate you upon offering this legislation and I most sincerely hope that it may pass because of it being outstandingly meritorious. My thoughts in this respect are:

1. Those who marketed their wheat last year and paid the income tax thereon made it available for the use of the world without the attraction of the bonus now being paid to those who held their wheat.

2. A large part of the wheat held was held through Government agency loans and all holdings thus financed by the Government at a low rate of interest.

3. The present situation leaves those who were really most able financially to have marketed their grain to now be able to realize a large profit in return through their speculative holdings.

4. In any event, the ceiling price of hard spring wheat and other bread wheats have been entirely too low, so low in fact that the present addition of 30 cents per bushel does not hardly make a fair price in view of the excessive costs of the farmer during the past 3 or 4 years.

5. In this respect may I call your attention to what you probably already know, that although during World War I wheat brought \$2.05-\$2.07 and farm wages then ran from about \$30 per month up while during World War II, and presently, prices of wheat have run from about \$1.20 a bushel to \$1.50 net locally (average grades) while labor has run from around \$100 to as high as \$165 per month for monthly help and 2 to 3 times that figure during the busy seasons such as haying, harvest, and threshing.

6. As a result of the conditions indicated in the last paragraph grain raisers' incomes have been reasonably fair only because of the very exceedingly high yields per acre, such as we had never before experienced in the history of the country and not due to prices received for the product. With yields in North Dakota during the past 3 years running higher than ever before during the lifetime of yourself and others living here, wheat could be raised at the prices received; with ordinary crops taking us back to the approximate 10 bushels per acre average as found by the AAA over a 10- to 15-year period prior to World War II, the great mass of our farmers would have been broke, ruined financially at present prices and our courts would have been clogged with foreclosures as they never were before.

I certainly hope that this bill may become a law from its strictly meritorious standpoint.

Kind personal regards.

Very respectfully,

C. W. BUTTZ.

Mr. LANGER. I may add that Mr. Buttz has lived in North Dakota for 35

years, and is one of the outstanding judges and farmers in North Dakota.

I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a letter which I have received from Mr. Leonard Holje, of Maddock, N. Dak.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MADDOCK, N. DAK.,
April 29, 1946.

Senator LANGER,
Washington, D. C.

DEAR MR. LANGER: Just a few words in regard to the 30-cent wheat bonus. There are many, yes, most of the wheat growers in this area that will not benefit any by the 30-cent bonus as they have already hauled out and sold their grain earlier in the season before the bonus came on, and that was due mainly because they were more patriotic when the Government called for wheat to feed the starving peoples of other countries, and in some cases because the farmer needed the money. In fairness to those who responded early with their wheat I believe the bonus should be paid on all the 1945 crop or not at all, as this will only benefit the more rich farmers who could hold his wheat, and did not care so much helping the starving peoples of other lands.

There is a lot of dissatisfaction among the farmers out here on account of the bonus being paid only on wheat hauled out now.

I hope that all our Senators and Representatives from the wheat States will get behind this and try to get a square deal for all wheat growers.

I am sure you will do your best in this matter.

Your friend,

LEONARD HOLJE.

Mr. LANGER. I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a letter which I have received from C. W. Fine, president, and H. A. Hendrickson, secretary, of the Equity Cooperative Elevator Co., of Sheyenne, N. Dak. Mr. Fine was formerly a State senator in North Dakota.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EQUITY COOPERATIVE ELEVATOR CO.,
Sheyenne, N. Dak., April 29, 1946.
Hon. WILLIAM LANGER,
United States Senator,
Senate Office Building,
Washington, D. C.

DEAR SENATOR LANGER: Below I am verbatim giving you the wire the board of directors of above company instructed me to send each of our North Dakota representatives in Washington, as well as a similar wire to F. U. G. T. A., St. Paul.

The vote was unanimous after considerable discussion, the main point being the disqualification of a very large number of farmers, who, in good faith, went along with the announced ceiling wheat price as first established, but who are, under present ruling, unfairly penalized.

"To the Honorable CLINTON ANDERSON,

"Secretary of Agriculture,

"Washington, D. C.:

"The board of directors of the Equity Cooperative Elevator Co., of Sheyenne, N. Dak., representing approximately 600 common stock-producing farmers, respectfully request you make the 30-cent wheat bonus applicable to the 1945 crop in justice to all producers.

"Respectfully yours,

"C. W. FINE, President.

"H. A. HENDRICKSON, Secretary."

Mr. LANGER. I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a letter which I have received from Mr. Ted Chartier, of Tower City, N. Dak.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

TOWER CITY, N. DAK., April 27, 1946.
HON. WILLIAM LANGER,
Washington, D. C.

DEAR SENATOR LANGER: I am writing you as a farmer and a taxpayer to bring to the attention of the Secretary of Agriculture and other Government agricultural representatives, the fact that the 30-cent bonus, which is to be paid farmers now for delivering their wheat, is an injustice to the farmers like myself and others, who sold their wheat last fall in order to pay their expenses and labor. It cost the farmer who sold his wheat last fall just as much to raise his crop as it did the farmer who had plenty of cash reserve, and therefore did not have to sell his wheat and can now sell for a 30-cent-a-bushel bonus. Unless this situation is changed so that all farmers who raised wheat in 1945 receive the bonus of 30 cents per bushel, it will be a plain case of discrimination against the small farmer and the farmer who sold his wheat last fall for any reason whatsoever.

I live and farm 40 miles west of Fargo, N. Dak., in Cass County, and speak for all the farmers in my territory who, like myself, sold their wheat last fall because we were led to believe by our Government agencies that the ceiling price on wheat would not be raised and there was no advantage to hold the wheat. Many farmers here did not take out wheat loans on their 1945 wheat due to this fact. We therefore feel this is an injustice to us as farmers and respectfully ask that this matter be brought to the attention of Secretary Anderson and our Government, in order that we may be treated on an equal basis with our neighbors.

If you will have petitions made up regarding this situation and send them to me I will deliver them to the surrounding villages and cities for the farmers to sign, so that the Secretary of Agriculture will see that this is not a fair deal to those farmers who sold their wheat before the bonus plan was announced.

Yours truly,

TED CHARTIER.

Mr. LANGER. I also ask to have printed in the RECORD at this point as a part of my remarks a telegram which I have received from an organization of 450 farmers known as the Walsh County Unit of the National Fair Deal Wheat Association, of which Mr. G. H. Hoople is secretary. An identical telegram was sent to my colleague [Mr. Young], and we join in the request to have it printed in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

HOOPLE, N. DAK., May 2, 1946.
Senator WILLIAM LANGER,
Washington, D. C.:

Four hundred and fifty farmers meeting at Adams, N. Dak., object to the injustice and inequity of the 30-cent-bonus program on wheat and corn put into effect by the administration. The 30-cent bonus should be paid on all wheat and corn produced in 1945. The 1945 crop is the income from which the farmer must live on in 1946 and from which he must pay his 1946 production expenses. The 1945 wheat crop was 90 percent marketed before the administration bonus program was put into effect, upon representations that sellings would be held. Labor and industry

have been granted 18½-percent increases, and these increases are now reflected in the living and production expenses of the farmer. It is essential that wheat and corn producers be paid the bonus on all wheat and corn produced in 1945 to be on a parity with labor and industry. We believe this is an opportunity to retard inflation, by paying the bonus or subsidy beginning with 1945 production, instead of raising price ceilings, which will continue the inflationary circle. Controlled prices on farm products demand subsidies in times of scarcity as well as in times of surpluses. Substantial part of wheat crop which was marketed before bonus program was put into effect was also used for famine relief. Those who marketed before bonus program were deceived and penalized.

WALSH COUNTY UNIT, NATIONAL FAIR
DEAL WHEAT ASSOCIATION,
G. H. HOOPLE, Secretary.

Mr. BUTLER. Mr. President, before making my remarks on the subject which is under consideration by the Senate, the British loan, I wish to say a few words with reference to another matter which I think is of extreme importance to Senators from every State in the Union. It has to do with the recent 30-cent-bonus order with respect to corn and wheat, permitting a Government agency to enter the market and, by means of the 30-cent bonus, bid up the price of corn and wheat over the ceiling price.

I introduced Senate Joint Resolution 157 day before yesterday. I mention it at this time because it was referred to the Committee on Banking and Currency. Today I ask that the Committee on Banking and Currency give that joint resolution consideration and report it to the Senate promptly, because time is of the essence.

When this order was issued a few days ago permitting a Government agency to take over corn and wheat at a premium of 30 cents a bushel, it practically closed the market to every other user of corn and wheat in the country. I have no quarrel with the objectives of those who issued the order. Evidently it was issued to get delivery quickly of sufficient corn and wheat to cover the critical needs in Europe and elsewhere and permit our Government to fulfill its obligations with respect to that program.

Producers are answering this appeal for grain with a flood of shipments to all markets, and I have little doubt that enough grain will soon be in possession of Government agencies to fill all immediate needs.

But in the meantime let me ask what has happened and is still happening to the producers of dairy products, poultry, and meat, including those who operate feed lots of cattle and hogs? I have received scores of pitiful appeals from dairymen and producers of chickens, turkeys, cattle, and hogs, who are not permitted to meet the Government's price for grain, and whose flocks and herds must be fed or slaughtered. Their question is usually this: "How can I legally secure feed to continue my operations?" The feeding of livestock and poultry is not like operating a store or a manufacturing plant that can be locked up for a while and operations resumed later on. Livestock operators must feed their stock daily, regularly, and they cannot even vary the ratio of

feeds without serious results. These people are producing food which is needed everywhere in the world today. We must make it possible for them to continue this most essential operation, and the only way they can do so is to be permitted to meet Government competition in securing their needed grain supplies.

Mr. President, at this point in my remarks I ask unanimous consent to have a copy of Senate Joint Resolution 157 printed in the RECORD.

There being no objection, the joint resolution (S. J. Res. 157) to enable private purchasers of corn and wheat to purchase at the same price as the Government, introduced by Mr. BUTLER, on April 30, 1946, and referred to the Committee on Banking and Currency, was ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That notwithstanding any other provision of law, no person shall be deemed to have violated the provisions of the Emergency Price Control Act of 1942, as amended, or the Stabilization Act of 1942, as amended, or any regulation or order issued thereunder, by paying or receiving or agreeing to pay or receive a price for any sale of corn or wheat which is not in excess of the price (including any bonus) which the Government, through any department or agency, is, at the time of such sale, paying or agreeing to pay for corn or wheat sold or delivered to the Government.

Mr. BUTLER. Mr. President, I should also like to have printed in the RECORD a copy of a letter which I received from Mr. Guy Scudder, a feeder at Sumner, Nebr., and also a letter which he sent to Secretary Clinton Anderson, under date of April 30, 1946. In the letter, in effect, he asks the Secretary the same question which I asked the Secretary and Mr. Bowles a few days ago: Where are these people going to secure feed for their poultry, their dairy cows, and their livestock?

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

SCUDDER GRAIN AND LIVE STOCK CO.,
Sumner, Nebr., April 30, 1946.
Senator HUGH BUTLER,
Washington, D. C.

DEAR SENATOR: Enclosed you will find a telegram which I received yesterday from the Commodity Credit Corporation, of Chicago. This in answer to a telegram which I sent to Kansas City last week, asking how I could get corn for my cattle.

Senator, this is just about the last blow—we are now being forced out of business.

I have only a 30 days' supply of corn on hand for 1,400 head of cattle. A short time back I contracted 5,000 bushels of corn from one man and 7,000 bushels from another, this corn to be delivered right after corn planting. Now comes this 30-cent advance, and they want this advance if they deliver the corn, which I guess they are entitled to.

But, again, I cannot pay them this 30 cents.

In order for these men to collect the 30 cents the corn must go to the Government, and there is no way for me to get it.

No use in Mr. Anderson saying that we will get corn after expiration date of this 30-cent order, because what corn is left in the country will not move then until October.

During the war we feeders went along with the Government as best we could, fed more cattle and hogs, and we did our best to produce under very trying conditions. We bought bonds, and I worked harder than I

should have during the past 5 years, as it has cracked my health.

But with all this, now they simply are putting us out of business, and within a very short time, unless something drastic is forthcoming immediately.

This corn will leave the country during the next 2 weeks, and when it is gone it simply is gone, and there is nothing left to do but load cattle. Young pigs will again be selling for nothing per pound, because there will be no corn to feed them.

Yours very truly,

GUY SCUDDER.

SCUDDER GRAIN AND LIVE STOCK CO.,
Sumner, Nebr., April 30, 1946.

Mr. CLINTON P. ANDERSON,
Secretary of Agriculture,
Washington, D. C.

DEAR MR. ANDERSON: Enclosed you will find telegram which I received from Commodity Credit Corporation, of Chicago. This in reply to my telegram to Commodity Credit Corporation at Kansas City last week, asking how I could get corn.

Now this order, granting 30 cents per bushel more for corn, for a limited time, with no provision for the feeder, is just about the last straw, and it will put us out of business in a very short time. It will bring forth the most acute shortage of meat of all kinds that this country has ever experienced.

I had 12,000 bushels of corn contracted to be delivered right after corn planting time. Now that your order is out granting this 30-cent increase these men want the increase which I feel they are entitled to. Yet, I cannot pay this increase and cushion the loss on my cattle. I am forced to stand by, and see this corn leave this section of the country because I am prohibited by the OPA on one hand to pay not over \$1.09 per bushel delivered here for corn, which I need for these cattle, and on the other hand the Government will take it from here at \$1.39 per bushel.

All the corn which is left in this country around here after expiration date of this 30-cent order will be held until October by the owners.

Mr. Anderson, I was good enough through these years of war to go along with the Government feeding more cattle and hogs and did my best to produce more corn and Atlas, putting up as much as 5,000 tons of silage per year, working harder the past 5 years than any time in my life, in fact too hard. It has cracked my health.

And now, in return for what I have helped during these years, you are putting me out of business and this within a very short time.

Now it appears this is your aim, and if so, I wish you would advise me as I can voluntarily liquidate \$200,000 worth of cattle and hogs to a lot better advantage than trying to stay the limit and being forced out.

Yours very truly,

GUY SCUDDER.

Mr. BUTLER. Mr. President, the enclosure in Mr. Scudder's letter to me shows that he addressed a telegram to the manager of the Production and Marketing Administration at Chicago, Mr. Donald E. Smith, a few days ago. He asked him where he might secure feed for his cattle. By the way, Mr. President, Mr. Scudder has 1,400 head of cattle in the feed lot. The answer which he received on April 29 from Mr. Donald E. Smith, in Chicago—and Mr. Smith is in charge of the Production Marketing Administration there—was as follows:

No provision for resale corn purchased by Commodity Credit Corporation to feeders.

Mr. President, that telegram does not correspond with the information which I received from the OPA, from Mr. Bowles himself, a few days ago. He said that much of the 50,000,000 bushels of corn would be reallocated to domestic users where he and others in their wisdom felt it was needed the most.

I doubt whether all Members of the Senate appreciate the serious situation which is absolutely certain to develop unless some remedy is provided at once. I shall ask the majority leader, who is one of the most influential members of the Banking and Currency Committee, where the joint resolution introduced by me rests, if he will help to get it out and to have it acted upon immediately.

STATUS OF KEETOOWAH INDIANS OF CHEROKEE NATION IN OKLAHOMA

The PRESIDING OFFICER (Mr. HUFFMAN in the chair) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 341) relating to the status of Keetoowah Indians of the Cherokee Nation in Oklahoma, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. O'MAHONEY. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. O'MAHONEY, Mr. WHEELER, Mr. THOMAS of Oklahoma, Mr. SHIPSTEAD, and Mr. MOORE conferees on the part of the Senate.

PROPOSED LOAN TO GREAT BRITAIN

The Senate resumed consideration of the joint resolution (S. J. Res. 138) to implement further the purposes of the Bretton Woods Agreements Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, and for other purposes.

Mr. BUTLER. Mr. President, I now wish to refer to the proposed British loan. Before we conclude the discussion on this proposed loan, I should like to summarize for the benefit of the Senate some of the debate which occurred in the British Parliament during the questioning period which took place during the week beginning April 15.

The British Government is apparently already actively canvassing the sentiment of all business organizations in Great Britain and of all groups of labor and agriculture, with respect to a trade agreement with the United States. During the week of April 15, Hon. Herbert Morrison, Lord President of the Council, was asked in the House of Commons whether steps were already being taken to question labor groups, corporations, industrial groups, and agricultural groups with reference to concessions which they would like the United States to make, and whether they were being consulted with reference to concessions which Great Britain should make. Mr. Morrison said that the Government had

already quietly addressed a letter to the Trades Union Congress, to the Federation of British Industries, and to a large number of trade organizations and associations, requesting their views on the problems to be discussed when they met with the United States and the other small group of trading nations with reference to tariff reductions, preferences, and modifications in trade barriers.

In all probability, our own State Department is holding up any such request for information in this country until it finds out what the Senate or what the Congress is going to do in the matter of the pending measure. The State Department apparently does not wish to solicit any real expression of opinion from our own people, for fear that it might interfere with the present drive to get congressional approval of the pending proposed loan of nearly 4 billion dollars.

But the British Government is not only making contact with the big organizations like the Trades Union Congress. The British Government has already sent out a detailed memorandum of guidance that attempts to elicit specific information about duties and preferences of interest to practically every producer not only in Britain but throughout the dominions. As a result, the British Government will have a mass of information that will enable the negotiators to find out just who are interested, in what measure of protection, British or foreign, and how strongly they feel about it.

Nor is the British Government merely asking about concessions which Britain should make. It is asking each producer in all of Britain "the extent of the reduction of existing duties that would be required to enable goods produced in the United Kingdom to compete in the foreign countries named." In other words, what it is asking is how much shall the United States reduce its duties so that Britain can ship manufactured goods into the United States, so that Canada can ship wheat, as well as dairy products, fruits and other products into the United States, so that Australia and New Zealand can ship wool and butter into the United States, and so that other dominions can ship their products into the United States. Of course, the British crown colonies, mandates, and other possessions are also to be included. Their survey will show how Britain can to best advantage control the American market for natural rubber, for tin, and for all the other products of the colonial empire.

In the British questionnaire every person is asked:

(1) What margin of preference is regarded as being of the highest importance to the United Kingdom industries; (2) which are regarded as being of some importance; (3) which are regarded as being of little importance.

In other words, they are working this thing out in such detail that they can make a few concessions of little importance, while refusing concessions which would be to the disadvantage of the British Empire. Labor, business,

and agricultural groups are being canvassed.

When questioned further on this subject, Mr. Morrison acknowledged that—the amount of work involved for all concerned is staggering * * * but the great effort is worth while because the trade of the British Empire hangs in the balance * * *. This is one conference where the British must be well prepared.

Mr. President, I find this discussion extremely interesting. Apparently the British are getting carefully prepared to negotiate with this country a trade agreement which has been definitely planned, but about which we know practically nothing.

I find on checking my files that last December the State Department issued an announcement about possible simultaneous negotiations with a number of countries, including Great Britain. But since then, so far as I am aware, no official information has been put out. At any rate, no definite announcement of intention to negotiate has been issued, nor any call for hearings or list of products to be considered. No contacts have been made with interested American producers or exporters, as far as I have been able to find out. Yet the British are apparently proceeding on the assumption that there will definitely be trade agreement negotiations in the near future, and they plan, as Mr. Morrison says, to be "well prepared."

It seems possible that the State Department is keeping its plans a little quiet in order not to alarm the people until after they have pushed this loan through Congress.

The least we can say is that there is no evidence that our State Department plans to be as well prepared as the British.

I suspect that as soon as this loan is out of the way the State Department will send out a sudden notice to producers of two or three thousand products in the United States to file a written brief if they are not agreeable to the reduction of our tariffs 50 percent in return for few, if any, foreign concessions of any value to us. They customarily go through these motions before they take final action to put into effect reductions they have already decided upon. Generally speaking, those reductions will probably be the full 50 percent permitted under the Trade Agreements Act, although in order to avoid the charge that all rates were reduced systematically a full 50 percent, some of the reductions may be only 40 percent or 33 1/3 percent. In a few scattered cases which can be pulled out later as illustrations, the reductions will be only 10 percent. But the general pattern will undoubtedly be a reduction of the full 50 percent permitted by law. That has been the general pattern in the past.

Mr. President, those reductions are generally not merely reductions from the rates of duty prescribed in the Tariff Act of 1930. During the 10 years 1934-44 something like 25 different trade agreements were negotiated and reductions running up to 50 percent were already agreed to in the case of about 2,000 different commodities. Those reductions were made not merely to the country

with which the trade agreement was entered into, but they were extended to all other countries—under the unconditional most-favored-nation program. At the present time the purpose is to make another 40- or 50-percent cut under the reduced rates so that the total reduction in the case of most items will be the equivalent of a 75-percent cut from the rates prescribed by Congress in the Tariff Act of 1930. In a few individual cases the reduction will be as much as 87 1/2 percent inasmuch as the Tariff Commission had already made a preliminary cut in the rate of duty before the State Department took the matter in hand. There is no escaping from the fact that the program of the administration at the present time is to reduce practically all tariff rates to as near the zero point as possible. In other words, they would, if they could do it, remove all tariffs and commit the United States to an absolutely free-trade program.

Mr. President, of course I realize that the State Department has been granted authority to reduce our tariff protection in trade agreements. But the facts I have presented on the discussion in the British Parliament carry us to consideration of another question. It seems clear to me from these facts that there is a definite, intimate relationship between this loan and the trade agreement for which preparations are already under way in Britain. And the question I raise is whether we have already made virtually binding commitments to the British on reduction of our duties, as a part of the general negotiations on this loan.

A careful reading of the loan agreement, and an understanding of the reasoning of our high officials, will make clear the relationship which they believe exists between our trade policies and our loan policies. Even some of our high officials will admit that repayment of this loan is questionable, and they say that it depends on Britain's future international trade position. We have actually written it into the agreement that Great Britain will not be held for the interest if her exports do not increase about 60 percent by volume above the level of her prewar exports. In other words, we have made it clear to the British that she need not bother about repaying us unless her financial position makes it convenient for her to do so.

The next step in the reasoning of administration officials appears to be that we must provide those export markets for Britain. In other words, the thing has been so worked out that America, not Britain, will be responsible for enabling Britain to make those payments. America, not Britain, will be to blame if the British cannot find the dollars with which to service the loan. And anyone who refuses to go along with the drastic slashes at our tariff protection that are contemplated will be accused of making it impossible for Britain to repay her debts. America, not Britain, accepts the responsibility for keeping Britain's financial record clean. That appears to be the philosophy of our responsible officials.

Mr. President, we have learned during the past few months of a good many se-

cret agreements which were entered into without our knowledge. We do not know, even yet, if all the secret agreements which were concluded at Yalta and elsewhere have been revealed. We now have an opportunity to pass on the terms of this proposed loan. If any commitments have been entered into of which we have not yet been informed, we should certainly defer further consideration of this proposal until we have received the full facts. If we have agreed to slash our tariffs so that the British can repay this loan, we should know it before we approve the loan.

The account of the debate in the British Parliament has come to my attention so recently that I have not even had time to draft a resolution requesting information on the proposed agreement. I am sure the matter can be handled more simply, however, if I request the able Senator from Kentucky, who has taken the lead in presenting this measure, to secure from the State Department a full disclosure of any additional commitments entered into with the British on trade or economic matters connected with this proposed loan, and of their plans for a negotiation of trade agreements with the British, their dominions and colonies. I should like particularly to secure answers to the following questions:

First. Have commitments been entered into with the British, their dominions, colonies, or other possessions, to reduce tariff duties on specific commodities?

Second. Have commitments been made as to the volume of trade which will be affected in any contemplated trade agreement with Britain, her dominions, colonies, or other possessions?

Third. Have commitments been entered into covering the amount by which British export trade to us is to be increased by tariff concessions made by us?

Fourth. If no commitments have been made, have definite plans been made by the State Department covering questions 1, 2, and 3?

Fifth. Is there a trade agreement with Great Britain now in process of preparation?

Sixth. If such a trade agreement with Great Britain is in process of preparation, what stage have the preparations reached, and when may we expect formal announcement of the commodities to be considered?

Mr. President, I hope the Senate will not take a final vote on this measure until we have the answers to these questions, and until we have been assured that no commitments have been made beyond those which have been made to us. In addition, I hope that the State Department will give us a full and complete disclosure of their plans for a trade agreement with Great Britain and her Empire.

Mr. AIKEN. Mr. President, I rise to comment on the pending legislation approving the agreement with the United Kingdom for the extension of a line of credit in the amount of \$3,750,000,000.

Lest my comments be misunderstood, I wish to state at the beginning that I am on the whole favorably disposed to-

ward the general objectives of the pending arrangements. I do wish to make certain, however, that the results which the proponents of this loan claim for it will actually be realized.

The stated reasons for the loan are:

First, Great Britain for some time to come will have a deficiency of foreign exchange to meet its current import requirements. This has been estimated at more than \$5,000,000,000 over the next 5 years, and must be furnished from some source if British trade and commerce is to be restored and continued at a satisfactory rate.

Secondly, there is a tacit recognition in the pending arrangements that unless the dire need for foreign exchanges is met, the United Kingdom will have to continue restrictive trade and financial arrangements throughout the Empire and other countries within the sterling bloc in order to meet its foreign exchange requirements.

I do not entirely subscribe to this premise, but merely state it as one of the bases upon which the arguments of the proponents are founded.

In the third place, it is claimed that this arrangement with Great Britain is economic, and does not constitute a precedent for other similar undertakings.

It is economic, it is said, because the British depend so much upon foreign trade, and because the lack of balance in British imports and exports is in a magnitude all by itself.

Finally, it is claimed that the British loan will be favorable to American foreign trade because it will not only provide the means for the purchase of American goods by England herself but will open up new markets for our products by the elimination of restrictive practices by the United Kingdom without which many foreign markets would be closed to us.

I do not question the fact that Great Britain needs this assistance. I do look with some misgivings upon the assertion that the position of Great Britain is economic in this respect lest it be interpreted by world public opinion to mean that we are slowly edging toward a common front with the United Kingdom in both political and economic matters.

There are many other countries in the world where conditions similar to those existing in the United Kingdom are now prevalent.

The devastations and destructions of war have not been peculiar to the British. They have affected with equal force and drastic consequences other friendly Allies, such as France and China.

It cannot be effectively argued that the transitional-period requirements for credit and American goods and materials are any less in such countries as China and France, Belgium or Holland, than they are in the United Kingdom.

Our national interest is no less involved in the friendly cooperation of these Allies, I want to make it quite clear that in the position I shall take in this matter I shall be guided not by recognition of any special consideration for the United Kingdom, but by the broader desire to have the United States adopt

an economic policy that will serve equally well favorable relations not only between our country and the British Empire, but with all others that want to live in a world of peace and economic prosperity.

Unless we make this point clear to the world, we will in the minds of many people come perilously close to recognizing certain broad hints recently made regarding fraternal association within the English-speaking world.

I am not against fraternal association, but I would broaden it to include through the United Nations all the peaceful countries of the world.

In its anxiety to see the British loan approved, the administration has gone too far in giving special recognition to the province of the British Empire.

This is likely to be misunderstood in other quarters of the world and will not facilitate a solution of many international problems some of which are outside the control of the United Kingdom.

I wish to emphasize this point also because in the economic, as well as the political field, our Government should ever be dedicated to the propagation and enforcement of general principles with equal emphasis, regardless of the territory, the interests, or the language of the areas affected.

All too often, by omission or commission, our representatives operating on the international level have given special consideration to interests of the British Empire, sometimes by openly siding with the British and sometimes by quiet acquiescence, thereby giving the impression throughout the world that we are applying a double standard to our international relations.

By these actions, we are losing our bargaining position. We are jeopardizing our position of mediator between contending forces in the world.

If we can possibly help it, we must not give any further encouragement to the impression that the United States is joining with the British Empire in economic as well as political unity of purpose against other powers.

I am, therefore, impelled to view the British loan on its own merits as a means of reviving world trade without closing the door to giving equally serious consideration to any similar purpose submitted by other friendly governments, such as China, France, Belgium, Holland, or Russia, if the ultimate objective is to improve world economic conditions and thereby promote the cause of lasting peace.

Viewing the British loan agreement purely as an economic proposition, what are some of the elements that should help us decide the wisdom of approving it in its present form?

It may be seen that viewed as a loan, or to put it in its limited sense, as a banking proposition, there are not many proponents who are willing to assert that the British will be able to repay either interest or principal.

However, we recall that at the close of World War II we were spending at the rate of \$2,000,000,000 a week for war purposes. The actual cash cost entailed in any move we can make that will result

in a longer period of peace, or in lasting peace, will be very small in comparison.

The witnesses of our State Department, the majority leader and the senior Senator from Michigan, have all emphasized that the British loan is in our national interest because of considerations that are superior to the repayment of the loan in the freer flow of world commerce by the elimination of restrictive practices on the part of the United Kingdom.

Our principal interest in the loan, therefore, is in articles 7 and 8 of the agreement by which the United Kingdom agrees to complete arrangements—

As early as practicable and in any case not later than 1 year after the effective date of this agreement, unless in exceptional cases a later date is agreed upon after consultation, under which immediately after the completion of such arrangements the sterling receipts from current transactions of all sterling area countries (apart from any receipts arising out of military expenditure by the Government of the United Kingdom prior to December 31, 1943, to the extent to which they are treated by agreement with the countries concerned on the same basis as the balances accumulated during the war) will be freely available for current transactions in any currency area without discrimination; with the result that any discrimination arising from the so-called sterling area dollar pool will be entirely removed and that each member of the sterling area will have its current sterling and dollar receipts at its free disposition for current transactions anywhere.

8. Other exchange arrangements.

(1) The Government of the United Kingdom agrees that after the effective date of this agreement it will not apply exchange controls in such a manner as to restrict (a) payments or transfers in respect of products of the United States permitted to be imported into the United Kingdom or other current transactions between the two countries, or (b) the use of sterling balances to the credit of residents of the United States arising out of current transactions.

These provisions are the real justification for this loan from our point of view.

One may argue whether we should have to buy our way out of restrictions imposed by the British upon other countries. There may be alternative diplomatic or economic measures whereby we can have these restrictions lifted. The assumption that the British will or that they are entitled to impose restrictions upon the trade of other countries for the sake of upholding their own standard of living may be seriously questioned.

As a practical matter, however, I am willing to give the benefit of the doubt to those who present this loan as the best way of helping the British to relieve the trade of a good part of the world from commercial and financial restrictions.

I tend to agree with the junior Senator from Utah that this loan will enhance the power of London over the financial and economic transactions of the countries in the sterling bloc.

It will be recalled that a similar situation resulted in the extension of lend-lease aid when all lend-lease arrangements with British dominions and colonies had to be cleared through the British Government, thereby revitalizing what was then a very shaky economic and military relationship between the British Isles and its possessions.

The effect of this loan will be similar. It will enhance the power of London over the finances and foreign trade of other countries.

It may be that only by the use of this renewed power the United Kingdom will be able to fulfill its commitments in articles 7 and 8 of the pending agreement so that the United States will obtain the advantageous results which the proponents claim for this loan.

In considering the loan, therefore, I am principally concerned in the effective implementation of these provisions which are the essential concessions that the United Kingdom is to make to improve world trade.

I do not question the good faith of Lord Halifax and Prime Minister Attlee and the British Cabinet in approving this arrangement. I do not question their willingness to regulate all those restrictive arrangements so that commerce can flow freely among nations.

I do not question the sincerity and integrity of purpose of our Secretary of State and the Secretary of the Treasury, nor do I question their ability to carry through to successful conclusion the mutual arrangements contemplated by this agreement if they themselves personally could attend to the details which will inevitably require attention in the fulfillment of the obligations created by this arrangement both in this country and in the United Kingdom.

I do feel, however, that the reciprocal undertakings of the United Kingdom to lift these restrictions are so extensive and complex that it will require more than a willingness on the part of the top-policy officials of the two countries to effectuate them.

The economic relations of the United Kingdom with every one of its dominions and colonies, as well as other sterling-bloc countries, is the result of the long years of gradual, detailed, painstaking development of mutual arrangements carried out by a large number of bureaucratic functionaries in the civil service. These lower officials are required by the proposed arrangement to retrace their steps in detail to revise existing treaties and agreements and to abrogate rules and regulations long on the books. In a word, they must change the habits of thinking and action which they have acquired throughout their lifetime.

In our own interest, therefore, it is important to view the practical implementation of these undertakings with healthy skepticism and to follow through in detail their fulfillment which is essentially the only reciprocal advantage that we obtain from this loan.

It is not an uncommon experience in the history of nations, and the United Kingdom is no exception, that whereas policy makers make commitments the men on the operating level find many impediments in the way of achieving the objectives defined by their superiors.

I would not be surprised, therefore, if many difficulties, real or apparent, are encountered in the fulfillment of articles 7 and 8.

Many problems have long continued simmering with ill effects upon interna-

tional relations even after satisfactory assurances have been given at high policy levels.

One reason or another is given why certain policies announced by the highest authorities cannot be carried out.

For example, take the toll charges on the Suez Canal. Even though we gave lend-lease grants to British shipping through the Panama Canal all through the war, our negotiators were unable to obtain reverse lend-lease arrangements on the Suez Canal, and our soldiers and war materials crossing that waterway had to pay the regular tolls because the issues were tossed back and forth without satisfactory resolution.

I would not be surprised if many of the detailed arrangements necessary to implement articles 7 and 8 receive the same treatment.

This has been true in the case of Palestine, in the case of India, in the case of Egypt. It is true in our relations with Italy.

It is the responsibility of Congress, therefore, to make sure that the undertakings which are the real value obtained by us in return for this loan are effectively carried out.

Let us not forget also that England did not approve the Bretton Woods agreement until she had secured the agreement which we are now asked to approve and has not yet made her contribution to the International Fund and International Bank. Apparently she does not contemplate doing so until she has secured this loan. Great Britain is a shrewd trader and business-like in business matters. Should the United States be any less so?

I propose, therefore, to offer an amendment to the pending joint resolution which will give the necessary incentive to our executive departments as well as those of the United Kingdom to apply their utmost faculties to the accomplishment of the purposes set forth in articles 7 and 8.

The amendment is on page 2, before the period in line 8, to insert a colon and the following:

Provided, That after the United Kingdom has drawn the first \$1,000,000,000 of the proposed line of credit no further drafts upon the remaining \$2,750,000,000 shall be allowed unless, within 1 year after the effective date of the agreement, the United Kingdom officially notifies the Secretary of State (such notification to be transmitted by him with his comments to the President and to the Congress) that elimination of (a) discriminatory financial and trade practices as provided by articles 7 and 8 of said agreement; and (b) discriminatory trade barriers (including preferential tariffs), established by the United Kingdom and its dominions and colonies which affect products of the United States, has been accomplished.

I send the amendment to the desk and ask leave to make correction of a word or two if I find it necessary to do so.

THE PRESIDING OFFICER (Mr. HUFFMAN in the chair). The amendment will be printed and lie on the table.

Mr. AIKEN. Mr. President, there is nothing in the agreement that makes the granting of the loan conditional on carrying out articles 7 and 8.

There is nothing to prevent the British Empire from contracting all or a substantial part of the loan in American manufactures for future delivery in the first year of the loan without making substantial progress in carrying out the provisions of articles 7 and 8.

There is nothing in the pending arrangement that guarantees the accomplishment of the purposes of articles 7 and 8 at the same time as the loan is being used.

There is nothing in the pending arrangements that puts the Secretary of State and the Secretary of the Treasury in a position to force compliance with articles 7 and 8 and there is nothing in the agreement that invokes penalties or limitations if articles 7 and 8 are not carried out.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. AIKEN. I have about concluded.

Mr. JOHNSON of Colorado. I wanted to ask the Senator a question respecting the amendment he just submitted. I do not have a copy of it before me.

Mr. AIKEN. It has been changed somewhat.

Mr. JOHNSON of Colorado. I heard the Senator read it. I should like to ask if it would amount to an estoppel against the Treasury to make any further payment to Britain unless Britain does certain things.

Mr. AIKEN. The Senator's understanding is correct; that after Britain has drawn the first \$1,000,000,000, if she does not within 1 year carry out the provisions of articles 7 and 8 of the agreement she will not be able to draw any of the other \$2,750,000,000. That is the purpose of the amendment.

Mr. JOHNSON of Colorado. And the amendment itself prevents the Treasury Department from making any further payment unless those conditions are met.

Mr. AIKEN. That is the intention. But I asked unanimous consent to make a correction in the amendment, if it is necessary to do so. It has just been typed, and I received it only this minute. It seems to me there are two or three words in it that may be wrong. But the Senator has stated the purpose of the amendment, which is to stop the payment of further funds after Britain has drawn the first \$1,000,000,000 unless she has complied with the provisions of articles 7 and 8 of the agreement.

Mr. President, as I have indicated, there are many factors that will encourage delay in the fulfillment of articles 7 and 8, not at the policy level in our country or in Great Britain, but at the level of the lesser officials who can find a thousand and one reasons why they cannot make haste with progress.

In offering the proposed amendment, it is my purpose to support the present joint resolution upon condition that satisfactory guaranties are obtained that the purposes of articles 7 and 8 must be accomplished as a condition of the loan.

The proposed amendment does not limit the total amount of the loan. It does not prevent the United Kingdom from obtaining the full benefit from the total amount of the loan within the prescribed 5-year limit.

The proposed amendment makes available immediately \$1,000,000,000 of the loan, but makes the rest of the proposed loan conditional upon the accomplishment of the purposes of articles 7 and 8.

Since the United Kingdom has already agreed that it will eliminate these restrictive financial and trade practices within a year in effect, no limitation is contemplated by the amendment.

However, it does provide that necessary incentive for the executive departments of our Government and of the United Kingdom to hasten the elimination of financial and trade barriers so that the world may enjoy the benefits promised by this loan as soon as possible.

It is my firm opinion that if we can assure our own people that these restrictive practices which have bedeviled world trade and have played an important part in inciting wars will be eliminated as a condition of this loan, then the joint resolution will acquire renewed strength and gain the support of public opinion.

I offer the amendment in a sincere effort to help the passage of this legislation by eliminating legitimate doubts in the minds of even those who have friendly disposition toward the pending proposition.

I offer it as a contribution toward the fulfillment of the ultimate objectives contemplated by the joint resolution.

I offer it as a contribution toward a continuance of friendly relations between the United States and Great Britain, for there is no surer way to provoke ill feeling between neighbors, either as individuals or as nations, than to transact business affairs in an unbusinesslike manner.

Mr. JOHNSTON of South Carolina obtained the floor.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. JOHNSTON of South Carolina. I yield to the Senator from Kentucky.

Mr. BARKLEY. Mr. President, we have been considering the pending legislation for nearly 3 weeks. I make no complaint on that score, but I think the time has arrived when we ought to concentrate our attention on the possibility of a vote on something in connection with this measure. We ought to be able very soon to begin voting on amendments. I have no desire to shut off any Senator from legitimate discussion, but other bills are accumulating and we ought to reach a conclusion on this matter very shortly. I very seriously doubt whether the debate from now on will have much effect on the votes which will be cast upon the pending joint resolution.

I am therefore impelled to ask unanimous consent that, beginning with tomorrow and during the remainder of the consideration of the joint resolution, no Senator shall speak more than once nor longer than 1 hour on the joint resolution or any amendment thereto. The effect of that agreement, if made, would be that any Senator could speak for 2 hours on the proposal. It seems to me that that would give ample time for any Senator to express his views, whether for or against the joint resolution. I submit the request.

Mr. KNOWLAND. Mr. President, I must object to the Senator's request at this time. I would be happy if the distinguished majority leader could bring in a rule changing the existing cloture-rule provisions, to support it as an individual Senator on this side of the aisle; but at the present time I must object to the Senator's request.

The PRESIDING OFFICER. Objection is heard.

Mr. BARKLEY. I appreciate the suggestion of the Senator, but the Senator knows that he is committing himself to an impossibility. There is no way by which we can bring in a rule at this time modifying the cloture rule. I assume that that is what he has reference to.

I thoroughly understand the situation. Senators who are not present have asked other Senators to object to any limitation of debate. Senators of whom such a request is made feel an obligation to comply with it. I deny the right of any Senator who does not honor us with his presence to request another Senator, in his name and on his behalf, to object to any effort to limit debate.

I appreciate that situation. I feel that it is my duty to make the request. I am sorry that the Senator from California feels obligated to object, but I shall renew the request from time to time until we can make some progress toward a status in the Senate in which we can at least begin to commence to prepare to vote on something in connection with the pending measure. I am extremely sorry that the liberal proposal which I have made, which would give every Senator as much as 2 hours, after nearly 3 weeks of discussion, meets with objection. I am not complaining about the action of the Senator from California. I thoroughly understand the situation in which he finds himself.

Mr. KNOWLAND. Let me say to the distinguished majority leader that perhaps with more years of experience in the Senate I might be willing to admit that it is not possible to change the rule which permits unlimited debate and ties the hands of the United States Senate, the greatest deliberative body in the world. With more experience I might admit that it is not possible to amend that rule. As a new Member, I am not willing to concede that the Senate of the United States must tie its hands in that way. I am very hopeful that in the near future the existing provisions of the rules of the Senate may be amended so that cloture may be invoked more easily.

Mr. BARKLEY. I appreciate the attitude of the Senator. As I have stated, I am not complaining about his objection, although I am sorry that he feels compelled to register objection.

It seems to me that on a simple proposition like this, with respect to which every Senator now knows how he is going to vote, after nearly 3 weeks of discussion, we ought to be able, even though it must be done by unanimous consent and not by any motion which an individual Senator may make, to reach a decision as to when we are to bring this matter to a conclusion.

I dare say that there is not one citizen of the United States in a million who

understands the legal and parliamentary technicalities by which the Senate is unable or unwilling to reach a vote on an important matter except by unanimous consent. I am sympathetic with the suggestion made by the Senator from California. I think there ought to be a more democratic way by which the Senate could bring itself to a vote upon important matters. But we know with what difficulty we obtained the meager pittance called cloture which we have in the rules.

No one Senator may move the previous question. The Senate of the United States is almost the only legislative body that I know anything about in which the previous question may not be moved and, if the motion is agreed to, debate thereafter limited. We cannot do that in this body. No individual Senator may make a motion to close debate. It must be done by 16 Senators, and then debate cannot be closed except by a two-thirds vote. Under that rule it is impossible to bring about the close of debate, because so many Senators feel that if they vote to close debate on one bill, they are committed forever to vote in favor of closing debate on every question that comes up thereafter. Time and again Senators have said to me, "I would not mind voting for cloture on this question, but if I vote for cloture in this instance I shall be bound to vote for cloture on something else." A Senator might as well say, "If I vote for a certain bill on the calendar, I am compelled to vote for every other bill on the calendar." There is no logic or reason in such a conclusion.

Be that as it may, in the present situation in the United States Senate we cannot get a two-thirds vote to close debate on anything. If I were to introduce a resolution to endorse the Ten Commandments and it were placed on the calendar and brought up for consideration and debated indefinitely, I could not get cloture to close debate on the question of endorsing the Ten Commandments, because Senators would say that if they voted to close debate in that instance they would be committed to vote for cloture on something else which might come up in the future.

So that is a futile hope. I felt that it was my duty to ask unanimous consent. That is the only way by which we can obtain limitation of debate. That request has been objected to. It seems to me—and I say this in all seriousness, and with some degree of disillusionment—that in the posture of our Nation and the world, the condition of legislation in the United States Senate, and the transcendent problems which face us before this Congress can come to a conclusion, we ought to give some faint gleam of hope to the people of our own country and the other peoples of the world that in this body, to which we refer so frequently as the greatest deliberative body in the world, and which I have sometimes described as the most deliberative body in the world, if not the greatest, we can proceed according to democratic processes, by which a majority of those who represent the people and who have been chosen by them, can reach a

conclusion and come to a decision, whatever that decision may be, in regard to important matters which may involve the destiny and welfare of our own country, and may make an impression for good or evil on our people as to our willingness to pursue democratic processes of majority rule in determining legislation for the American people.

I regret that I am unable to obtain unanimous consent for limitation of debate at this time, but I shall not be deterred in the future from making the same effort if the occasion arises when it seems proper to do so.

Mr. KNOWLAND. Mr. President, I should like to say once again to the distinguished majority leader, knowing his able leadership of the majority party in the United States Senate, that if he will propose to the Senate a rule under which the democratic processes may be invoked, so that some of the things which he has mentioned today may be done, and so that this body will not be tied so that it cannot function, so far as I am concerned he will have vigorous support from our side of the aisle.

Mr. BARKLEY. I appreciate the Senator's personal assurance of his own attitude. I also thank him for the compliment which he pays me with regard to my position at this desk. I doubt very much that it is deserved. I doubt very much if I am entitled to any compliment from him or from any other Senator with respect to the manner in which I discharge my duties at this desk; but I appreciate his remarks just the same.

This question does not involve partisanship. I do not know how far I or any other Senator would get with the Senate as a whole in undertaking to modify the rules so that we could reach a conclusion and come to a vote on any proposal with respect to which any considerable number of Senators did not desire a vote to be brought about.

PRICE CONTROL ON MEAT

Mr. WHERRY. Mr. President, will the Senator from South Carolina permit me to make an insertion in the RECORD and also a brief statement?

Mr. JOHNSTON of South Carolina. I yield to the Senator from Nebraska for that purpose.

Mr. WHERRY. Mr. President, although I am not unmindful of the admonition expressed by the distinguished majority leader relative to having debate continued on the pending British loan joint resolution, I should like at this time to place an insertion in the RECORD and a brief statement relative to a statement made yesterday by the Secretary of Agriculture, Mr. Clinton Anderson. A newspaper article in the morning press relative to his statement bears the following headline: "Anderson for ending meat rules if test fails."

I shall quote from the article which follows that headline. I think it is most important, because, in my opinion, it is the most significant statement about price stabilization which has been made by an official of the Government since I have been in the Senate. It has to do with a very important segment of our economy. The statement is as follows—as it appears in the news release, and the

Secretary's words are quoted in the release, of course; and I wish it so understood:

ANDERSON FOR ENDING MEAT RULES IF TEST FAILS—NEXT 90 DAYS CALLED DECISIVE PERIOD IN DETERMINING FATE OF PRICE CONTROLS

Secretary of Agriculture Anderson said yesterday that price control on meat should be abandoned unless a 90-day test period shows packers can get livestock in "something like normal" volume.

He agreed, in an appearance at Senate Banking Committee hearings, with the packers' cry that those who stay within ceiling prices have been unable to get stock for slaughter.

Mr. President, the Senate will recall that last week on the floor of the Senate I read the market reports which showed that the packing plants which we call the old established processors such as the processing plants in Omaha were running 20 percent of their normal capacity. That was an accurate indication, it seemed to me, that the order buyers were taking the animals out of the normal market and out of the regular processing channels and were diverting them into other channels.

I read further from the newspaper article:

Anderson said that two things may correct the situation: (1) new quotas designed to route to slaughterers the same volume they had in 1944 and (2) a campaign to prevent diversion to black markets and other abnormal sources of trade.

Of course, Mr. President, I think no comment need be made upon that, because I think later on in the statement a second suggestion which is most significant is made, in which the Secretary infers that the effort is hopeless. As a matter of fact, I think it did not prove successful when it was tried before. If it could not succeed then, it seems to me that it cannot succeed now.

Mr. Anderson then said this, according to the newspaper article:

CAN'T GET CATTLE

"This is about the last effort to see if it will work," he told Senator BARKLEY, Democrat, Kentucky, in a discussion of meat control.

BARKLEY had related that a man, "in whom I have every confidence" stated that while he normally slaughtered 7,000 head a week he can now get but 500. Anderson called this a typical case.

"Large, reliable companies can't get cattle in the price compliance range," he said. "They run up against people who don't care about the compliance range and these people take it away from them."

"That's why slaughter quotas were restored."

Mr. President, I think we all understand what the slaughter quotas are. If a drove of cattle comes into the central markets, it becomes necessary under the directive, for the packing companies to slaughter as many cattle in the AA class as it slaughters in the A, B, and C classes. The theory is that that would provide for the slaughtering of an equal number of cattle which had not been fed grain. Yet there are packing plants all over the eastern and western sections of the United States which are killing calves and beef cattle which go into the market, although such plants

are not even equipped to handle AA cattle. On the other hand, there are special buyers in the East who buy through order buyers who are equipped to slaughter only AA cattle.

So, Mr. President, we now find that the quotas are brought back as a remedy—to do what? To obtain production of meat, in an attempt to do away with the black market.

I read further from the article.

Anderson said the quotas were effective earlier—

I do not know how they were. If they were, why were they taken off, and why is it planned to put them back on now?

I read further:

And they might turn the trick again, although he said packers were not convinced they would help enough.

Mr. President, the testimony is that it will decrease the production of meat and that we shall not have the meat products which we have now. Only 20 percent was coming through the legitimate market last week, and 80 percent was going through the black-market routes, thus increasing the cost to the processors—and ultimately to the consumers.

I read further from the article:

Senator BANKHEAD (Democrat, Alabama), asked what would be a reasonable period to see whether meat control can work.

"We would have to do something in 90 days or abandon it," Anderson replied. He added this includes successful blows against the black market and assurance that regular packers get "something like normal" volume.

Mr. President, the only way in the world we are going to get normal volume is for Mr. Bowles to put on fed cattle a price which will permit the feeding and processing of such cattle in adequate numbers. When cattle are produced in such numbers, the packers will kill them, and the meat will go through the legitimate market to the consumers of the United States; and when sufficient production is obtained, that will control the price—just as in the case of strawberries, the other day. If Senators do not know about that, they should obtain information about it. Recently price controls were removed from strawberries. The price of strawberries went up for a day or two, but within a short time, because of the production which was had—the price went down to a point far below what it had been for many months. It went down away below the ceiling prices.

The same thing can happen in the case of meat. If an opportunity is given for meat to go through the normal channels, it will be placed on the consumers' tables at a legitimate price, and will not move through the black market.

Mr. President, these meat quotas did little good before and Secretary Anderson knows now that they will not do any good in the next 90 days.

I read further from the article:

Senator TAFT (Republican, of Ohio) told reporters afterward he regarded the Secretary's 90-day statement as "very significant." "If he's that uncertain," TAFT added, "maybe we'll find out very quickly whether it is going to work."

Anderson said that people aren't worrying much about food prices.

He amplified that when they are able to spend their money on automobiles, radios, and washing machines, they will be inclined to watch food prices more closely.

I do not know where the people get automobiles and washing machines, for they are not yet in production.

"Some people don't mind paying \$1 a pound for butter," he observed. He said an end to meat ceilings might mean that pork would go to 70 cents a pound—"although I'm not saying it would stay there."

What the Secretary of Agriculture meant to infer was that the price of pork might reach that point, but that if it were obtained in sufficient volume the price would not stay that high. Mr. President, the way to get volume of meat production is to take off the restrictions and controls which are preventing our packers from buying from the feeders and are preventing the feeders from obtaining the corn they need to feed the animals. We are getting an economy of scarcity in this country, and there is no better evidence of it than the meat situation.

Senators know that we have 10,000,000 more cattle today than we had during the 10-year prewar period. Today we have more than 82,000,000 cattle, and the only thing in the world that it is necessary to do is to permit a price which will enable the feeders to feed corn to their cattle. When that is done, we shall get meat in such volume that it will do more to control inflation than all the OPA legislation which it is possible to place on the statute books.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. BARKLEY. Mr. President, I do not wish to object; but every Senator knows it is against the rule for a Senator who has the floor to yield to another Senator to make a speech. I shall not object now, but I hope Senators will not yield for speeches on other subjects, when we are discussing a question which is vital. I hope during the discussion of the pending measure Senators will not yield to permit other Senators to speak about matters which are not even before the Senate.

I appreciate the situation, but I wish to caution Senators not to violate the rule.

Mr. WHERRY. Mr. President—

Mr. LUCAS. I shall object.

Mr. WHERRY. Mr. President, does the Senator from Illinois object?

Mr. LUCAS. I will object.

Mr. WHERRY. If the Senator from Illinois objects, I shall object to everything he ever does on the floor of the Senate, if I have a chance.

Mr. LUCAS. Then I do object.

Mr. BARKLEY. Mr. President, I do not think it is fair for one Senator to threaten another Senator if he asks for observance of the rule. I do not think that is proper.

Mr. WHERRY. Mr. President, has the Senator from South Carolina yielded to me?

Mr. JOHNSTON of South Carolina. I yielded to the Senator from Nebraska to make a brief statement.

Mr. WHERRY. I ask that the remainder of my remarks be printed at this point in the RECORD as a statement by me. I appreciate very much the opportunity the Senator from South Carolina has given me, and I thank him for his kind consideration.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

If any further proof were needed to demonstrate the national-scale chaos and confusion into which we have been led by the administration of OPA, it was delivered in a manner which must be clear to everyone in the statements made on Thursday by Secretary of Agriculture Anderson.

In his statement on the meat situation before the Banking and Currency Committee of the Senate yesterday, Mr. Anderson forcibly brought to the attention of the people the state of demoralization in which Government regulation exists today.

His testimony reveals that the OPA has miserably failed in providing production and in stabilizing prices and eliminating the black market in meats. In fact, because of lack of production, Mr. Anderson states that it looks like the situation is hopeless.

Mr. Anderson states that the only move left to cope with the meat-supply problem is to again impose quotas, and that thereafter the Nation must try the method of removing meat and livestock from price controls.

Quotas did not gain production before, and they will not do it now. Quotas restrict production, and Mr. Anderson knows it. They are not the answer to the present situation, in which the public is paying black-market prices for its meat, if it gets meat at all. Neither will quotas restore to their jobs the packing-house workers and livestock men who are out of work because meat production is down 80 percent below normal in our regular slaughtering establishments in such cities as Omaha.

This is not price control. And it is not the function of any agency of government.

No other interpretation can be placed upon Mr. Anderson's statement than that he fully expects this last-ditch effort of slaughtering quotas to fail. Mr. Anderson says he would hate to see the quota system fail. But in the very manner in which he expresses his point, it is perfectly clear that he is preparing the American people in advance that quotas will fail and that the Government price-control program, insofar as meat is concerned, has become hopelessly muddled and is broken down.

I repeat what I said early this week in an address at Atlantic City, that this collapse in the regular meat industry of our country is the result of planned confusion in places high in our Government. The consumer is suffering for it and will suffer more in the near future unless more than "pious" hopes are called upon to solve the situation.

Mr. Anderson, being more realistic than have been most of our leaders in the Government's economic control program, says that we should remove meat from price control within 90 days if quotas fail to stabilize the needed production. He would give quotas a 90-day longer trial.

In the face of the Government's corn bonus buying program, which prevents any corn going into livestock feeding, the meat distribution plan can't possibly succeed, because cattle feeders have been forced to suspend or soon will be forced to suspend operations.

Once again he is emphasizing the distribution of meat, when the thing we should be emphasizing is the production of meat. Without corn, we are not going to have cattle at the markets. Oh, yes; temporarily you will get an influx of those which cannot be kept on feed. But when this spurt in marketing is over, then meat will be more scarce than

ever. It will simply add to the confusion already existing.

Once again we see how confusion and muddled policies put the Government administrators in the position of setting up the barricades against themselves.

Mr. HICKENLOOPER. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON of South Carolina. I yield for a question, but I do not wish to be taken off the floor.

Mr. HICKENLOOPER. I do not intend to ask a question. I wish to obtain consent to have three short statements printed in the RECORD. It will not take more than a minute for me to request such consent.

The PRESIDING OFFICER. Does the Senator from South Carolina yield for that purpose?

Mr. JOHNSTON of South Carolina. I yield.

Mr. HICKENLOOPER. In order that the Senator from South Carolina may understand, let me say that the matters to which I refer are in connection with the statement which has been made by the Senator from Nebraska.

Mr. LUCAS. Mr. President, I claim the floor.

The PRESIDING OFFICER. The Senator from South Carolina has the floor.

Mr. JOHNSTON of South Carolina. I do not yield. I will not yield if I have to lose the floor. That is my statement. But I will yield for a question.

Mr. HICKENLOOPER. Mr. President, under no circumstances will I ask the Senator to yield if he has to lose the floor. But it is anomalous and peculiar that at this moment, while we are discussing an important subject, an objection is so promptly raised. I have witnessed on the floor of the Senate in the last several days constant divergencies from the discussion of the pending measure, and no objection was raised.

Mr. LUCAS. Mr. President, I claim the floor.

The PRESIDING OFFICER. The Senator from South Carolina states that he will yield only for a question.

Mr. HICKENLOOPER. Mr. President, I withdraw my request to the Senator from South Carolina, and thank him.

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Illinois?

CALL OF THE ROLL

Mr. McFARLAND. Mr. President, will the Senator from South Carolina yield in order that I may suggest the absence of a quorum?

Mr. JOHNSTON of South Carolina. I yield.

Mr. McFARLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Bushfield	Eastland
Austin	Butler	Ellender
Ball	Capehart	Ferguson
Bankhead	Capper	Fulbright
Barkley	Carville	Gerry
Briggs	Cordon	Green
Brooks	Donnell	Guffey
Buck	Downey	Gurney

Hart	McMahon	Shipstead
Hatch	Magnuson	Smith
Hawkes	Maybank	Stanfill
Hayden	Mead	Stewart
Hickenlooper	Millikin	Taft
Hill	Mitchell	Taylor
Hoey	Moore	Thomas, Okla.
Huffman	Morse	Tunnell
Johnson, Colo.	Murdock	Tydings
Johnston, S. C.	Murray	Wagner
Knowland	Myers	Walsh
La Follette	O'Daniel	Wheeler
Langer	O'Mahoney	Wherry
Lucas	Pepper	Wiley
McCarran	Reed	Willis
McClellan	Robertson	Wilson
McFarland	Russell	Young
McKellar	Saltanstill	

Mr. HILL. I announce that the Senator from North Carolina [Mr. BAILEY] and the Senator from Virginia [Mr. GLASS] are absent because of illness.

The Senator from Mississippi [Mr. BILBO], the Senator from Georgia [Mr. GEORGE], the Senator from Idaho [Mr. GOSSETT], the Senator from Louisiana [Mr. OVERTON], and the Senator from Utah [Mr. THOMAS] are absent by leave of the Senate.

The Senator from Florida [Mr. ANDREWS] and the Senator from West Virginia [Mr. KILGORE] are necessarily absent.

The Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Maryland [Mr. RADCLIFFE] are detained on public business.

The Senator from Texas [Mr. CONNALLY] is absent on official business, attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State.

Mr. WHERRY. The Senator from Michigan [Mr. VANDENBERG] is absent on official business attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from New Hampshire [Mr. BRIDGES], and the Senator from West Virginia [Mr. REVERCOMB] are necessarily absent.

The PRESIDENT pro tempore. Seventy-seven Senators have answered to their names. A quorum is present.

PROPOSED LOAN TO GREAT BRITAIN

The Senate resumed consideration of the joint resolution (S. J. Res. 138) to implement further the purposes of the Bretton Woods Agreements Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, and for other purposes.

Mr. JOHNSTON of South Carolina. Mr. President, for several months I have devoted a large amount of my time to a study of the proposal to extend an additional credit of \$3,750,000,000 to the United Kingdom. More of my thought and study have been devoted to this proposal than to any question which has come before me during the time I have been a Member of the United States Senate.

We have been urged by numerous persons, among them the leader of our administration, to support this measure because, they claim, it will hasten the economic social recovery of a world torn by

several years of destructive war, and that it will enable America to obtain a full measure of the beneficial world trade which would be stimulated by such a loan.

I submit, Mr. President, that, like all my colleagues, I favor the quickest possible recovery from the ravages of the war holocaust, and I am eager for America to enjoy the industrial and agricultural prosperity which would follow when world trade balances favored this Nation. However, in all my study I have been unable to gather substantial evidence that this magnanimous gesture would produce such results. In no way can I regard the proposed line of credit as anything more than a fantastic gamble, with all the evidence of history showing that the odds are against us.

America has reached the position in her financial life, Mr. President, when she can ill afford to gamble for such fabulous stakes. I am in favor of making further gifts to the stricken people of the world in the form of food, medicine, and clothing, but at the moment we are not called upon to pass on the justification or the desirability of charity. Along with a great majority of Senators, I voted for UNRRA, and for help not only to our Allies who are stricken, but even to the countries which we overrun and which are now in poverty and want. That is charity.

Mr. President, we are asked to vote our unquestioning, unqualified approval to a loan. I am tempted to say that this in reality will not be a loan. It will be a gift to the United Kingdom. Bear in mind that nothing is to be done for 5 years after the agreement shall go into effect. I predict that after the 5 years rolls around, England will again find some excuse for not paying even the interest, much less the principal, of this huge amount.

I repeat, in requesting this loan, or gift, or whatever we may call it, Britain is not coming to us asking for charity. We are asked to authorize a loan, and the proponents of the loan insist that such a loan is good business for the United States. As I see it, the issue to be decided is whether such a loan would be good business for the United States and for the world, not merely for England alone. It is to me alarming that we are called upon at this time to add another three and three-quarter billion dollars, in the form of a so-called loan, to the gigantic American debt. As my colleague the junior Senator from Louisiana [Mr. ELLENDER] recently informed the Senate, the United States now owes approximately as much as the rest of the countries of the world combined. I repeat the figure, \$279,000,000,000, which represents the indebtedness of the United States. In order for us to get the three and three-quarter billion dollars to lend to Britain, our Government must go into the money market and borrow the money from our people and pay interest at the rate of 2½ percent. We will then lend the money to Great Britain at 2 percent interest, with a 5-year prolog, from now until 1951, during which no interest would be charged. This would immediately cut the rate of interest which we could possibly receive to 1.62 percent.

It is further provided that Great Britain shall make no payments, either on principal or interest—that is, after 1951—in those years when her exports fell below the level of the 1936–38 average of her exports.

If Senators will only study the statistics of the business of the United Kingdom, and ascertain how it was prospering in those years, and then anticipate how it is going to be in the future, they will find that that prospect alone will almost give England a guaranty against paying interest for many years after 1951.

It might be interesting for us to look at the British export figures for those years. According to the United Kingdom Board of Trade Statistical Abstract for the British Empire, 1928 to 1937 and 1929 to 1938, the United Kingdom's exports for the years in question were as follows:

In 1936 the exports amounted to \$441,000,000 sterling.

In 1937 they amounted to \$522,000,000 sterling.

In 1938 they amounted to \$471,000,000 sterling.

At this time I should like to call attention to a matter along the same line, showing how out of balance the United Kingdom's exports and imports happened to be. I hold in my hand a letter and some information furnished me by the Secretary of the Treasury of the United States. I wrote him on March 18 requesting information in connection with the proposed credit to Britain, and received a letter in reply. In the statistics for the foreign trade of the British Commonwealth, 1928 through 1938, a 10-year period, I notice that in 1928 the imports of the United Kingdom amounted to \$196,000,000 sterling. I call attention to the fact that that figure is for the imports. The exports of the United Kingdom amounted to \$724,000,000 sterling, showing a deficit of more than \$470,000,000 sterling. In other words, her imports amounted to that much more than her exports.

I call that to the attention of the Senate because England, or the United Kingdom, sitting over there on a little rock, has been living off the rest of the world! If it had not been for her shipping, she could not have existed. That condition applies not only to one year, but it will be found that the United Kingdom's imports year after year far exceeded her exports.

In 1929 the imports of the United Kingdom amounted to 1,221,000,000 pounds sterling. The exports amounted to 729,000,000 pounds sterling, even less than the year before.

In 1930 the imports dropped. It will be recalled that the depression was beginning throughout the United States. England's imports dropped, but let me show how exports, as well as imports, dropped. The imports dropped to \$1,044,000,000 sterling in 1930. But what happened to her exports? Her exports in 1930 dropped to \$571,000,000 sterling; almost down to one-half billion.

Then let us see what happened in 1931. In 1931 the United Kingdom imports dropped to \$616,000,000 sterling. But what happened to her exports? In

1931 her exports dropped to £391,000,000 sterling.

Let us see what happened in 1932. In that year her imports amounted to £702,000,000 sterling. Her exports were still dropping. In 1932 the United Kingdom's exports dropped to the measly sum of £365,000,000 sterling.

These are not my figures, Mr. President. These figures were furnished to me by the Secretary of the Treasury of the United States.

In 1933 imports of the United Kingdom dropped to £675,000,000 sterling. The exports of the United Kingdom dropped to £368,000,000 sterling.

And so it goes. In every year during the 10 years on up to 1937 her exports dropped. Even in 1938 it will be found that imports of the United Kingdom amounted to £920,000,000 sterling, but her exports were still down; in 1938 they amounted to £471,000,000 sterling.

I bring all this to the attention of the Senate to show that the United Kingdom can be saved for only a short while by our giving to her three and three-quarters billion dollars. Britain will be back on our doorstep again in a short time asking for another loan. I want Senators who are present today to remember that statement. Why do I make it? Because Britain's past has brought me to that belief. Is it not justified, I ask?

One year ago on this floor we were considering the Bretton Woods agreements. I voted for the agreements. Britain was pleading then that we pass the legislation dealing with the Bretton Woods agreements, and we did so, and paid billions of dollars into the agencies established under the Bretton Woods agreements. We were told at that time that the Bretton Woods agencies would be the saviors of the world.

Mr. President, two agencies were established under the Bretton Woods agreements. One is known as the International Monetary Fund and the other as the International Bank for Reconstruction and Development. I want to read to the Senate from a pamphlet which I notice was put out by the Treasury Department a little more than a year ago. It was published on March 15, 1945. It bears the signature of Henry Morgenthau, Jr., Secretary of the Treasury. I read from the pamphlet:

1. WHAT IS THE INTERNATIONAL MONETARY FUND?

The International Monetary Fund is one of two proposed institutions for which detailed plans were drafted at the United Nations Monetary and Financial Conference held at Bretton Woods, N. H., in July 1944. All of the 44 countries that participated in the Conference subscribed to the view that because international monetary problems concern all countries, they can be dealt with satisfactorily only through a cooperatively supported international agency.

2. WHAT IS THE FUND INTENDED TO DO?

The fund is intended to accomplish three things.

Mr. President, I did not say this. I am reading from the statement of the Treasury Department.

The fund is intended to accomplish three things.

First, it will stabilize the value of currencies in terms of each other. It will do this by requiring every member country to define the value of its currency in terms of gold and to refrain from changing this value without first consulting with the fund.

Second, the fund will hasten the removal of artificial barriers against the making of payments across boundary lines. It will do this by requiring member countries to eliminate existing exchange controls on trade as soon as possible—

The term "as soon as possible" has also been used in the agreement respecting the present proposed loan. I call particular attention to that. I continue to read:

and not impose new controls without the fund's approval.

Third, the fund will provide a supplementary source of foreign exchange to which a member, embarrassed because its international out-payments exceed its international in-payments—

That is the trouble with the United Kingdom today, and that is why the Bretton Woods proposals were agreed to—

embarrassed because its international out-payments exceed its international in-payments, may apply for temporary assistance. This assistance will give the member a breathing spell which may be all that is required to bring its international payments into balance. If unable to secure assistance, the member might be obliged to depreciate the exchange value of its currency—

Has England said anything about that?—

or resort to other measures that interfere with trade.

3. HOW WILL THE FUND OPERATE?

It will be helpful to think of the fund's operations in two steps.

First, the fund will be an international organization through which all member countries will cooperate to bring about stable currencies, freedom in exchange transactions, and the elimination of discriminatory currency practices.

Second, the fund will be a financial institution. In this capacity, it will make available to a member the particular currency, whether dollars, pounds, francs, or Mexican pesos, that may be required to keep the members' current international payments in balance. Such aid will be in the form of a sale of foreign exchange, in payment for which the member will surrender to the fund an amount of its own currency having the same gold value as the foreign exchange purchased. After a limited period, the member will be required to reverse the process. That is, it will repurchase its own currency held by the fund, tendering in payment foreign exchange or gold equal in value to the foreign currency originally purchased. The fund's assets, therefore, although continually paid out and returned, will always have the same gold value.

So we passed the measure implementing the Bretton Woods agreements. We put our money into the agencies established under it. We gave our share of the money. Nothing was said at that time on the floor of the Senate to the effect that England would come to us to obtain the money with which to put up her amount necessary to carry out this agreement. I call upon any Senator on this floor to prove, if he can, that when the debate was going on here on the floor in connection with what is known as the

Bretton Woods agreements anything was said to the effect that we would put up our share, and that then Britain would put up so much, provided we lent her the money.

No; Mr. President, we put our share into Bretton Woods. We were called upon and we put up our share. Now Britain comes to us and asks us to furnish the money with which Britain may carry out her part of the agreement, so far as Bretton Woods is concerned. She even threatened us by saying, "If you do not lend it to me I will withdraw from the Bretton Woods agreements." There is no danger of that, but that is her threat.

Can Senators imagine that the United Kingdom level of exports, under all the attendant circumstances, will again reach the average of 1936, 1937, and 1938? I do not believe that it will—not in 5 years, not in 10 years, and I doubt whether it will reach it in 15 years. Remember that her exports must not only reach that level, but 60 percent above that point, and that during those years England received a great deal from her shipping—much more than she will receive in the future in her crippled condition—and she sold a great many of her foreign securities from which she was receiving money. It has been estimated that she would have to increase her exports 60 percent above the normal exports which she had in 1936, 1937, and 1938, in order to be able to pay interest under this agreement.

If one believed that Great Britain would be in a position to pay, and probably would pay interest each year, as promised in her agreement, provided all these things happen, he might be willing to purchase a part of the special bond issue proposed in the Johnson-Johnston amendment to Senate Joint Resolution 138.

Those among us who believe that Britain will fulfill the obligations of this financial agreement as to the matter of repayment have a beautiful faith in the moral integrity and financial soundness of our British friends in the matter of repayment of their contracted monetary obligations. This faith, childlike in its simplicity, is apparently blinding to our American negotiators. It has blinded them to all of the evidence of history.

The British have a long, consistent, and brilliant record as a bad credit risk.

As we are all aware, after the First World War, Great Britain was given 62 years in which to pay off her debt of \$6,000,000,000. What she has paid today amounts to 6 cents on the dollar, of principal, including interest. Let no one think that that is a misstatement. She has not been paying interest all the time.

In 1932 she quit cold on the repayment of this debt. Since that time we have collected not one British penny.

In World War II, we gave England a credit of approximately \$25,000,000,000, which we magnanimously termed as lend-lease. In order to give away money, the term must be somewhat changed. At that time it would not have done to say that we were giving money to Britain. The gift of \$25,000,000,000 in the beginning would never have been approved if

it had not been termed lend-lease instead of a gift to Britain.

A considerable part of this credit was granted long before we entered the war. At that time the people of this country were assured that within a reasonable time following the close of hostilities we would be repaid in similar materials, or, at our option, in other goods of many kinds which the British can produce and which we, as a Nation, require. Today, with hostilities hardly halted, we have made a deal with the British whereby this debt will be settled for 3 cents on the dollar, and this 3 percent is to be paid—mind, you, it has not been paid—in equal yearly installments running until the year 2002.

Furthermore, none of this paltry pittance can be removed from the British Empire and brought back to the United States, either in dollar value, or as material goods. Some of our veterans who have returned to their homes here are wondering why they cannot buy jeeps. If they will go over to England they will find some of the British soldier boys who served in the trenches with them riding in jeeps. When we were lending this money we were promised that it would be paid back. Has it been paid back? No. Even the promise to repay 3 percent of the \$25,000,000,000 loaned to her is a facetious gesture, a farce, and a mockery. I doubt whether we shall even get that paltry sum.

Mr. McFARLAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MURDOCK in the chair). Does the Senator from South Carolina yield to the Senator from Arizona?

Mr. JOHNSTON of South Carolina. I yield.

Mr. McFARLAND. That is to be made in the form of a loan, is it not?

Mr. JOHNSTON of South Carolina. Yes; it is a loan. It goes with this, but we do not have anything to do with it. It is all tied together, so that we have no opportunity to vote upon it. The agreement to which the Senator refers has already been made. I do not want to have anything to do with it. We may hear more about it later, but I want the Record to be clear that I had nothing to do with that agreement.

This \$25,000,000,000 transaction, I remind the Senate, was made as a loan. There was no suggestion that it was to be made as a gift. Thus, how can we say with any degree of honesty and sincerity that the \$3,750,000,000 which we now propose to borrow and hand over to Great Britain, with apologies, is to be called a loan? I further submit, Mr. President, that it is not good business to lend such a sum of money for 55 years, which is considerably longer than the reasonable life expectancy of any Member of this body, without any suggestion of collateral or security to guarantee the repayment of this loan.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. LANGER. The Senator from South Carolina knows that the assessed valuation of my State, for example, is less than \$1,000,000,000. There are quite

a number of States which have a lower assessed valuation. So we are making England a present of 7 of our 48 States. That includes all the land, all the horses, all the machinery, and all the money in the bank.

Mr. JOHNSTON of South Carolina. I cannot consider it good business to add another \$4,000,000,000—and certainly considerably more when we include the interest it will cost us—to the already stupendous national debt to be inherited by generations yet unborn.

Do Senators realize what that amounts to? It means a gift to every Englishman in the British Isles—this involves only the United Kingdom and not all of the British possessions—of \$80. It will make every man, woman, and child in the British Isles worth about \$80 more. But do Senators know what it will do for us? It will result in every man, woman, and child in the United States having approximately \$25 more debt hanging over his head. I cannot see wherein that is good business. Certainly, this negotiation is good business in one respect—marvelously good business. But the question is, Good business for whom? The answer is obvious: It is good business for England.

Mr. President, when will the United States stop trying to play Santa Claus to the world? We must remember that today we have a debt of approximately \$280,000,000,000. Do not ask me how much a billion dollars is. Do not ask me how much a million dollars is. Until about 1909, Mr. President, the United States did not know what a total amount of appropriations of a billion dollars was. In fact, Mr. President, 20 years ago our total appropriations in the United States were much less than the interest on our bonded indebtedness today. Let that thought soak in. I wish to place that statement into the Record at this point. I also wish to read some of the amounts of the national appropriations for various years.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. LANGER. I understand that the proponents of this measure claim that we do not owe \$280,000,000,000 because we owe it to ourselves. What does the Senator have to say about that?

Mr. JOHNSTON of South Carolina. Mr. President, the debt is a debt of the Federal Government. If it is a debt to an individual, it is still a debt. The only difference is that we owe this \$280,000,000,000 to the people of the United States. But when it comes to running the Government, we shall have to pay that in taxes, the same as if we owed it to some other nation. So far as the taxpayer is concerned, it makes no difference. So far as the Nation is concerned, it does make a difference—but only in the respect that we do not have to send the payments out of the United States.

Mr. President, at this time I wish to read from Senate Document 85 of the Seventy-ninth Congress, first session, at page 789, at which we find a list of total appropriations by sessions of Congress. In 1908, according to this document, our total national appropriations for that

session amounted to \$919,163,833.18; 1908 was the last year when we had less than a billion dollars of total appropriation.

In 1909, we went into the billion-dollar bracket. Some of our people heard a great deal about that in the campaign of 1910. The 1909 Congress was called the billion-dollar Congress. From that time our appropriations continued to increase slightly, until in 1916 we spent \$1,114,490,704.09. That was 30 years ago. Today, the interest on our bonded debt will be more than four times the annual appropriations in 1916. At that time we had hidden away in the soil of the United States many billions of dollars' worth of various and sundry things which we have since dug out of the ground and have either shot away in cannon or have burned up in furnaces or have used in other ways, until today we are told that we are bordering on having used up a great many of the minerals in the United States. They are almost gone. After they are gone, after we no longer have them, what shall we do?

As I have said, Mr. President, in 1916 our total expenditures were much less than the interest payments we are called upon to meet today.

We were engaged in the First World War in 1917 and 1918, and, of course, we spent a great deal of money at that time. However, we find that after the war, in 1922, although we then had to provide for all the expenses resulting from the war, our total appropriation bill was only \$3,909,282,209.46. That was after the First World War.

I notice that our Budget estimate for the present year is \$66,000,000,000. That does not take into account the proposed British loan and many other expenditures which have been authorized since the Budget estimate was made and many items which it is hoped to make provision for in the future. Just think of it, Mr. President—a Budget estimate of \$66,000,000,000 for this year. Again I call attention to the fact that in all probability the estimate of income for this year will be in the neighborhood of \$45,000,000,000, which will mean a deficit of \$20,000,000,000, plus \$4,000,000,000 if the proposed loan is made to the United Kingdom—that much deficit, Mr. President, a year after the war is over, although, of course, we have the aftermath of the war, as we did after the First World War.

When I quoted the figure \$66,000,000,000, I was quoting from memory, but I notice that the document to which I have referred contains an estimate. Therefore, I should like to put into the Record the correct figure, which is \$66,841,827,235.38. That, Senators, is why I am calling to your attention the matter of the British loan. I am one who believes that we should balance the Budget and do so as soon as possible. We were told that the Budget would be balanced probably in 1946 or 1947. If the present rate of expenditure and national debt is maintained, we will do well to balance the Budget in 1957 instead of in 1947. Already, throughout the United Kingdom, we hear our country being denounced as Uncle Shylock because we are, it is said, so greedy as to require meager interest

payments, beginning after 5 years, for the use of the money, and then at the rate of only 2 percent per annum.

Numerous British newspapers are calling the United States another Midas. I submit that what has been proposed here is not a loan. In Great Britain it will be found that the Britishers, in talking about the loan, consider it to be a gift. I agree with what has been said in the Senate in regard to the ill feeling which will develop if the proposed loan is granted. The other day the senior Senator from Wisconsin [Mr. LA FOLLETTE] stated the situation well when he said that while we consider this money as a loan, the British people consider it as a gift, and that when the time comes for them to start making repayments, if they act as they have acted in the past, namely, by refusing to make the payments, the people of America will be found once again considering England to be not a good debtor.

Yes, Mr. President; we have given England credit on a prior occasion, and she did not and has not during the past 14 years—I repeat 14 years—even said "Thank you" for the first loan which the United States granted to her. When this loan was being discussed nothing was said about making payments on the former loan.

Mr. President, if a Senator, as a businessman, were to go to a banker and ask for a loan, when he already owed the bank money which had previously been borrowed, would not the banker ask him to pay something on the former debt before granting a further loan? If Britain means to pay her debts, why did she not include her former debt with the proposed one and say that she would pay both of them, the principal as well as the interest, and at a reasonable rate. The answer, Mr. President, is that she does not mean to pay her debt. Oh, yes; a moratorium was granted. That does not mean, however, that the British should not pay their just debts.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. McFARLAND. How can we expect Great Britain to pay her former debt unless we let her know in some way that we expect her to pay it?

Mr. JOHNSTON of South Carolina. I cannot see why we should not make some reasonable disposition of the first debt before we lend them further sums.

Mr. McFARLAND. That is what I had in mind in offering the amendment which I have submitted. I think we should receive something from the British.

Mr. JOHNSTON of South Carolina. I am in favor of what the Senator from Arizona is trying to accomplish. In a few moments I shall read an amendment which I expect to propose.

Mr. McFARLAND. My amendment does not so much require England to give us anything as it requires her to allow us to use for commercial purposes certain bases in which we have invested many million of dollars.

Mr. JOHNSTON of South Carolina. I agree with the Senator that England

should be required to make such concessions if she means to deal with us in good faith.

Mr. President, on the basis of the British record of nonpayment of her just and honest debts, I cannot even call this proposal a loan. It is, instead, the most munificent gift in history, and from the most heavily indebted nation in the world to a nation that will continue to be, as she always has been, unappreciative, unreliable, and totally without conscience in dealing with us. Britain has demonstrated conclusively, to her everlasting condemnation, that she is utterly without financial integrity and national honor with respect to the repayment of her just obligations into which she has entered presumably in good faith.

Britain has reached the point where she can no longer maintain her dominant position in world trade through conquest and exploitation of the natural resources and the subservient labor of her colonial possessions. That is what she has lived on in the past. She has resorted to flattery, chicanery, deception, and double dealing at the conference tables of the world. Mr. President, the facts should be revealed in their true light. I respect the ability of the British as horse traders but I have no desire to trade horses with them.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. JOHNSON of Colorado. Recently I talked with a United States Army officer who had returned from 2 or 3 years of service in India. In speaking of the famines which take place there year after year, he said that India produces a sufficient quantity of food for every person there, but that she has no transportation facilities which can be used in transporting the food from where it is produced to where it may be consumed. I asked him, "What is the explanation of an intelligent people like the Indians having not provided transportation sufficient to take care of their obvious needs?" He said, "Well, it is not in the interest of the British Empire to build roads. The British Empire does not encourage the development of transportation in India because it is to the advantage of the Empire not to have roads in India." He further said, "England herself can provide the trade, and she has a monopoly on the trading in India even in the absence of roads. If there were roads in India, England would lose her monopoly." That was his explanation.

Mr. JOHNSTON of South Carolina. In other words, England looks after herself.

Mr. JOHNSON of Colorado. Yes.

Mr. JOHNSTON of South Carolina. Can the Senator tell me whether the United Kingdom owes India, or whether India owes the United Kingdom?

Mr. JOHNSON of Colorado. The United Kingdom owes India.

Mr. JOHNSTON of South Carolina. Yes. So, instead of England helping India, she is borrowing from India.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. McFARLAND. A few days ago a newspaper lady called me on the telephone and stated that she understood that a part of the proposed loan was to be used in repaying India some of the money which England owes to India, and she wanted to know what assurances were to be required that Great Britain would repay the money which she owes to India. Perhaps the Senator is in position to answer the question.

Mr. JOHNSTON of South Carolina. I do not know. This money is going to be turned over to the United Kingdom, and judging from the past, the way they do things, I think they will keep it unto themselves.

I would like to ask the Senator, does the United Kingdom borrow from Canada, or does Canada borrow from the United Kingdom?

Mr. McFARLAND. The United Kingdom borrows from Canada.

Mr. JOHNSTON of South Carolina. Is it not true that England is borrowing from Canada a billion and a quarter right now? She is borrowing from everybody she can get a dollar from. When I go to lend someone money, I like to find out if he is borrowing from anyone else, and if I find he is borrowing from everybody else, I certainly will let the other fellow do the lending.

Mr. JOHNSON of Colorado. Mr. President, will the Senator from South Carolina yield further?

Mr. JOHNSTON of South Carolina. I yield.

Mr. JOHNSON of Colorado. Of course, the secret in that is that whenever Great Britain borrows from any other country, that country has to buy from her in order to get the money back. That is one of the reasons why she likes to borrow. She likes to borrow outside her own country. We borrow from our own people, and we do not have the advantage of selling American goods in settlement of the debts. We cannot export them, because we owe to our own people. But Britain owes outside folks, so they take her exports. It makes a very good market for her goods throughout the world.

Mr. JOHNSTON of South Carolina. That is true.

Mr. LANGER. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON of South Carolina. I yield to the Senator from North Dakota.

Mr. LANGER. A few moments ago the distinguished Senator said he did not know how much a billion dollars was. I have here the World Almanac for this year, and I was curious to ascertain how the proposed loan would affect the farmers. I find that all the farmers in the United States owe the Federal Land Bank \$1,556,906,000.

Mr. JOHNSTON of South Carolina. What is the amount?

Mr. LANGER. \$1,556,906,000.

Mr. JOHNSTON of South Carolina. In other words, we could more than twice cancel every mortgage the banks hold of every farmer in the United States?

Mr. LANGER. That is the Federal Land Bank.

Mr. JOHNSTON of South Carolina. Yes.

Mr. LANGER. The amount the farmers have borrowed from life insurance companies is less than a billion, it is \$993,726,000.

The amount they have borrowed from banks is \$449,452,000.

They owe the Farm Security Administration \$178,936,000.

They owe individuals \$2,151,458,000.

So the Senator is correct, the amount we are giving England would almost pay off every farm mortgage in the entire United States of America.

Mr. JOHNSTON of South Carolina. Just think of that. Believing as I do that placing this so-called loan on such an unbusinesslike basis in the future will lead to misunderstanding, distrust, and unhealthy friction between the Governments and the peoples of Great Britain and the United States, I feel that we should treat Britain as any businessman would treat a borrower approaching him for a loan. We should require that Great Britain furnish collateral for every cent we lend her.

I find that the United Kingdom has in the United States at the present time securities sufficient to justify and to guarantee a loan of a billion dollars, and we have provided for that in the amendment which the Senator from Colorado [Mr. JOHNSON] and I have offered to the joint resolution.

The securities which the British have in the United States are drawing interest sufficient in amount to retire the principal of a loan of a billion dollars over a long term of years, paying a rate of interest commensurate with the interest provisions of the joint resolution we now have under consideration.

A billion-dollar loan now to the United Kingdom, together with the billion and a quarter she is receiving from poor little Canada—and when I say that, I do not mean that Canada is poor in resources, but I mean that the mother country is coming to one of the children and getting a billion and a quarter dollars—these two put together would provide an amount sufficient for her to open up all the sterling-bloc areas she has established in certain parts of the world.

I further suggest that if the people of the United States, as individuals, desire to lend the remaining amount of \$2,750,000,000, as specified in Senate Joint Resolution 138, they be permitted to do so as provided for in the Johnson-Johnston amendment.

Mr. President, I should like to read the amendment so that Senators can understand it, and see if what it proposes would not treat England fairly. It reads:

SEC. 2. (a) (1) In order to provide funds for carrying out the agreement dated December 6, 1945, between the United States and the United Kingdom, the Secretary of the Treasury is hereby authorized to borrow, from time to time, not in excess of \$2,750,000,000, and to issue therefor bonds in the form and subject to the conditions hereinafter set forth. The Secretary of the Treasury is authorized to use the proceeds of such bonds for the purpose of carrying out the agreement.

(2) Bonds issued pursuant to the authority of this subsection shall be subject to the same provisions for amortization and in-

terest (including waiver of interest) as are provided in the agreement with respect to repayment by the United Kingdom. Payments on account of principal and interest shall be made solely from amounts paid by the United Kingdom under the agreement, but the United States shall be under no obligation to the holders of such bonds with respect to principal or interest.

(3) Bonds herein authorized shall, from time to time, be offered as a popular loan under such regulations prescribed by the Secretary of the Treasury as will, in his opinion, give the people of the United States as nearly as may be an equal opportunity to participate therein.

(4) Except as otherwise provided in this subsection, the bonds herein authorized shall be issued in the same manner, so far as is consistent with the provisions of this subsection, as bonds issued under the Second Liberty Bond Act, as amended. They shall be of distinctive design and shall bear on their face a statement to the effect that they are not backed by the credit of, or guaranteed by, the United States.

(5) No payments shall be made to the United Kingdom under the agreement or this joint resolution except from the proceeds of bonds issued under the provisions of this subsection or from funds of the Reconstruction Finance Corporation as provided in subsection (b).

(6) Inasmuch as bonds issued under this subsection are not obligations of the United States, such bonds shall not be considered for the purpose of the debt limit of the United States.

(7) The Secretary of the Treasury shall provide by regulation for the distribution on an equitable basis among the holders of such bonds of payments of principal and interest received from the United Kingdom.

(b) The Reconstruction Finance Corporation is authorized to increase the amount of the loan heretofore made by it to the United Kingdom by \$1,000,000,000 on the security now held by the Reconstruction Finance Corporation on such loan, and without restriction as to the purposes for which such loan may be expended; and hereafter the interest rate on the balance of the present loan and on the \$1,000,000,000 additional hereby authorized shall be 2 percent, with all net earnings from such security to be applied, first, to the interest on the loan, and the balance on the principal. The Reconstruction Finance Corporation is authorized and directed to make available the amount of the loan herein authorized for the purpose of making payments to the United Kingdom under the agreement of December 6, 1945, except that repayment of any amount so made available shall be made in the manner provided in such prior loan agreement in lieu of the manner provided in the agreement of December 6, 1945: *Provided*, That payments under this joint resolution to the Government of the United Kingdom shall first be made out of the proceeds of bonds issued under the provisions of subsection (a), to the extent that such funds are available at the time any amount is drawn by the United Kingdom upon the line of credit extended in the agreement.

(c) No payment shall be made under subsection (a) or (b) of this section until the Government of the United Kingdom has completed arrangements relative to the sterling area as provided for in section 7 of the agreement of December 6, 1945, and has made agreements for a settlement covering accumulated sterling balances as provided for in section 10 of such agreement.

This amendment in effect would let Britain have \$1,000,000,000 right now on good security. Britain has the securities over here which are drawing interest. Why should not those securities be put up if Britain means business? Then if

the people of the United States are behind the proposal, let them buy the other \$2,750,000,000 of bonds, and not force upon the other people of the United States the fear of having to pay the money back in taxes without their consent. The plan is very simple, is it not? But I imagine Britain does not want to do any such thing. Britain wants a gift, though she does not use that word.

I am reminded at this point of what was said to me yesterday. I was called out of the Chamber into the reception room and was met by a doctor who had been over to England some time ago. He said, "When I went up to the register to sign my name and give my address the clerk looked at what I had written and laughed. He said, 'You know, we did not pay you what we owed you after the last war, did we? We did not pay you that debt.'" And he laughed.

Mr. President, so long as the people of England assume that attitude toward their debt to us they will never pay any debt owing to us. Can Senators imagine a businessman in America lending money to people who talk that way and assume such an attitude toward a debt which they owe? I fear that the more we continue to lend them, and the more they owe us and do not pay back, the more it will tend to break a friendship with a nation which should cooperate and work with us.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield to the Senator from North Dakota.

Mr. LANGER. In connection with the proposed \$3,750,000,000 loan I should like to ask a question or two. I take it that eggs are produced in South Carolina.

Mr. JOHNSTON of South Carolina. Yes, indeed.

Mr. LANGER. I wish to say that the total income in 1944 from the production of eggs all over the United States, according to the World Almanac, was \$1,335,815,000. At that rate it would require the total income from all the eggs produced in the United States for 3 years to equal the amount now proposed to lend to England.

Now with respect to chickens; I suppose chickens are raised in South Carolina.

Mr. JOHNSTON of South Carolina. We raise a good many chickens in South Carolina, yes.

Mr. LANGER. In the whole of the United States in 1944 the total value of the chickens raised was \$198,182,000. So it would take the total income from all the chickens raised in the United States for 20 years to equal the amount of the proposed loan.

Hogs are raised in South Carolina, I assume.

Mr. JOHNSTON of South Carolina. We raise hogs down there, yes.

Mr. LANGER. The Senator can tell his people in South Carolina that in the whole of the United States the hogs produced in 1944 were of the value of \$2,795,000,000. So any time anyone who favors the loan sees a hog on any farmer's land he can tell him truthfully, "The value of the hogs raised this year by the farmers of the country is not great enough to equal the amount of the pro-

posed loan. It will take twice the number of hogs now raised by you farmers to equal the amount of the loan."

Let us now take the total production of cattle and calves in the United States in 1944. It was of the value of \$2,606,000,000. If we take the value of every cow and calf produced in this country we would not have enough money to provide the proposed loan, and it would be necessary almost to double the production of cows and calves in order to obtain enough to make the loan.

Mr. JOHNSTON of South Carolina. That is correct. I am glad the Senator has brought this to our attention.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. McFARLAND. In regard to the indebtedness of Great Britain which we were discussing a few minutes ago; I wonder if the Senator would not like to place in the RECORD data which was furnished by Secretary Vinson in regard to that indebtedness, which shows the amount of sterling Great Britain owes her colonies. Of course, that does not include Canada, because Canada is not in the sterling area.

Mr. JOHNSTON of South Carolina. I shall be glad to place the matter referred to in the RECORD. It appears on page 91 of the Senate committee hearings, and was placed in the record by Secretary Vinson.

Mr. President, I ask unanimous consent to have the table presented by Secretary Vinson for the record of the hearings, appearing on page 91 of the hearings, printed in the RECORD at this point, as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

Net sterling balances as of June 30, 1945, as shown by Colmer committee report
[In millions of dollars]

Dominions:	
Australia.....	473
New Zealand.....	254
South Africa.....	132
Eire.....	718
Total.....	1,577
Other major sterling areas:	
Iceland.....	69
Burma.....	44
India.....	4,465
Egypt and Anglo-Egyptian Sudan.....	1,598
Iraq.....	283
Total.....	6,459
British colonies, mandates, etc.:	
Palestine.....	464
Ceylon.....	245
Hong Kong.....	131
Malaya.....	340
East African colonies.....	326
West African colonies.....	366
Other British African colonies.....	147
Trinidad.....	78
Other British West Indies and Bermuda.....	160
Other colonies.....	347
Total.....	2,606
Total, sterling area.....	10,641

Net sterling balances as of June 30, 1945, as shown by Colmer committee report—Con.
[In millions of dollars]

Liberated areas of Europe:	
France.....	160
Belgium.....	150
Greece.....	220
Netherlands.....	274
Norway.....	363
Others.....	50
Total.....	1,217
European neutrals:	
Portugal.....	314
Others.....	118
Total.....	432
South America:	
Argentina.....	342
Brazil.....	147
Uruguay.....	57
Others.....	19
Total.....	565
Rest of world:	
Iran.....	87
China.....	91
Siam.....	52
Others.....	27
Total.....	257
Total, nonsterling area.....	2,471
Grand total.....	13,112
Grand total (revised).....	13,228

¹ The French balances will be wiped out by the settlement of the United Kingdom loan to France.

Source: Part 2, eighth report of the House Special Committee on Postwar Economic Policy and Planning (H. Rept. No. 1527), Feb. 7, 1946, pp. 3 and 4.

Mr. McFARLAND. As the Senator will note, most of that sterling indebtedness of Great Britain she owes to her own colonies or dominions.

Mr. JOHNSTON of South Carolina. That supports what I was talking about a few minutes ago. She borrowed from every one of her colonies. Instead of her colonies borrowing from her, she is borrowing from them all the time.

Coming back to my amendment to the joint resolution under consideration, I want the Senate to note that it gives the people of America a right to purchase bonds knowing that the returns from these bonds will go to the United Kingdom. The people who purchase these bonds will be paid the rate of interest established therein when such payments are received from the United Kingdom. This will provide a ready opportunity for any person in the United States who wishes to enter into a financial agreement with the United Kingdom an opportunity to do so, and thereby support and carry forward this three and three-quarter billion dollar so-called loan. It will not do something of which I am fearful. I am fearful of pyramiding our debt. This would not result in our pyramiding our debt, because it would not be a debt against the United States. It would not pyramid a national debt that has already reached such proportions that it defies the comprehension of the average American citizen.

We must continue to bear in mind that the United States at the present time owes approximately \$300,000,000,000, and that the annual interest alone on this debt is equal approximately to the total national appropriations bill of 20 years ago. While the United States has approximately 40 percent of the world's annual income, we cannot continue our policy of deficit financing indefinitely. The time to start our program of retrenchment is now. It is imperative that we stop issuing bonds backed by the American credit and stop borrowing money from the banks of the world and from our people; it is mandatory that we begin to retire our national debt in an orderly, a systematic, and consistent manner. I call to the attention of the Senate the fact that the per capita National Government indebtedness of the United States is in excess of \$2,000 for every man, woman, and child. It matters not how young the child may be, he has a mortgage by reason of the Federal debt of \$2,000 over his head at the present time. Interest on that \$2,000 is being paid each year with money obtained through taxes. If we borrow three and three-quarter billion dollars to lend or give to the United Kingdom it will increase this indebtedness by \$25 for each individual in the United States. A baby that was born a minute ago would have that debt around its neck also, and one born next week, when it comes into the world, would have a debt of \$2,000 plus \$25 represented by the proposed loan hung around its neck.

With only 6 percent of the world's population and less than 6 percent of the world's land area, America cannot hope to finance the rebuilding and future economic development of the entire war-torn world. It is our first duty to look after the human beings in the world, and at this time we have a problem in helping to feed the world. But is it the duty of America to pay to England approximately \$4,000,000,000 to keep her from hijacking us in the market? She says, "I will remove the sterling area if you will lend me \$3,750,000,000." If any individual in America were to undertake to impose similar restrictions on free trade, I have no doubt that we would put him in jail. But not so with Great Britain. She has the audacity to ask us for a loan of \$3,750,000,000.

It is inconceivable that we can grant the demands of Russia, of France, of China, Holland, Belgium, the South American countries, and even of our former enemy nations, for tremendous loans for the purposes of reconstruction, or of economic expansion.

The amendment which I have offered jointly with the Senator from Colorado [Mr. JOHNSON] puts us in the position of saying, when other nations come to us and wish to borrow from us, "Put up good security, and we will let you have the money. We are willing to float the bonds; and if the people of the United States will buy those bonds on your credit, we will let you have the money."

We shall have a great many headaches in the future if we pass Senate Joint Resolution 138 as it now stands. France

is already knocking at our door. She wants \$5,000,000,000. Other nations will be knocking at our door. If we let England have this money, how are we going to turn down other nations? I would rather lose the business between the United States and that little island over there than lose business from all the other nations of the world. That is what will happen. It is something to think about.

Suppose Russia should ask us for a loan and we should turn her down. Do Senators believe that Russia would not build up her blocs to as great an extent as possible to keep us from trading with her and with the nations over which she has control? Would not that be the natural thing to do? If we should turn France down, would she not establish trade areas in an effort to block us out, as Great Britain has done; would she not then say, "I will remove these restrictions if you will pay me, as you paid England"?

Those are the facts which we must face. We shall have to face them in the future. I predict that on this floor we shall hear about more wants than England's wants. If this were the only headache which Senators will have in relation to loans, it would not be so bad. But every nation in the world says, "Santa Claus is coming. It started with the United Kingdom, and I want my present, too." Other nations will be knocking on the door of the United States asking for money. So it is better for us to deal with them on a businesslike basis. We can deal with other countries in the same way when they come. But if we let down the bars and require no security from England, how are we going to ask all the other nations to put up security when they make their demands on the United States?

How can we, in keeping with our announced policy of equal consideration and fair treatment for all peoples of all countries everywhere in the world, enter into such an agreement with the United Kingdom, written by her negotiators, designed to perpetuate her advantage over the rest of the world—even over her colonies? At the present time she has them blocked out, and those in the sterling area cannot buy American-made goods unless and until the United Kingdom—that little rock over there—gives them the right to do so. We hear talk about the colonies buying our cotton. They cannot buy our cotton. They cannot buy our tobacco until they get permission from the United Kingdom. The British are telling us that they will remove those restrictions in the future if we lend them the money. Why do they not remove them first?

What nation, what corporation, what individual, anywhere in the world would not desire a loan on such terms as this loan has been proposed?

Mr. STEWART. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. STEWART. The Senator was making a comment a moment ago concerning the probable demands of other nations in the event the loan should be

made to Great Britain by the passage of this joint resolution. At this time I should like to read a brief news item from the New York World-Telegram. It is a United Press report dated London, April 29:

BRITISH LABOR SEEKS SOVIET TRADE TIE-UP

LONDON, April 29.—A British Labor Party campaign to give Russia trade credits and establish an Anglo-Soviet economic accord appeared to be forming today.

Harold J. Laski, Labor Party chairman, said, in a speech at Bedford, that England should send an economic mission to Russia as the best method of improving Anglo-Soviet relations.

"Britain should give Russia long-term credits to enable her to rebuild her country with money to be spent in Britain, thus making employment for our workers," he said.

I thought the hearings showed that Britain was in dire need of money and did not have any money to lend. Had not the Senator so understood?

Mr. JOHNSTON of South Carolina. I understood that that was the reason why she was over here trying to borrow money. People should not try to borrow when they have plenty.

Mr. STEWART. Does the Senator think it is possible that the British would take the money we might lend them and in turn lend it to Russia?

Mr. JOHNSTON of South Carolina. I should think so. Later in my remarks I intend to bring out something else which may be done, and which may jeopardize the production of cotton and other products. I shall refer to the question of textiles, and show how Great Britain, by making slight changes, could use her sterling bloc to block us out with respect to cotton.

Mr. STEWART. Does the Senator believe that this loan would improve the cotton situation? Would it stabilize the price of cotton, or be helpful toward that end?

Mr. JOHNSTON of South Carolina. I do not believe that it would be helpful. I am asking every cotton grower in my State to write in chalk on his cotton house the price which cotton is bringing today, even under the present unfavorable conditions, and then go out 4 or 5 years from now and see what the price of cotton is after this loan is made, if it is made. I am willing to abide by the results which the cotton producers will find on their cotton houses, showing the price of cotton prior to the making of the British loan and the price some time after the making of the loan.

Under the terms of the loan we lend the United Kingdom the money over a period of five years between now and 1951 and she is to pay back the principal within 50 years after the beginning of the payment, which is to begin in 1951. She will not make the first installment until then, on principal or interest. No interest will be charged before that date, and interest will be charged after that date only under certain conditions. The repayment is predicated upon the conditions which are set out in the agreement signed in behalf of the United States by Hon. Fred M. Vinson, Secretary of the Treasury.

At this point I should like to read into the Record an excerpt from the public

hearings before the Committee on Banking and Currency of the Senate. This is from the testimony of Secretary Vinson, beginning at page 38:

But I should like to put in section 5 (a) and (b) of the agreement. It is very clear that subsections (a) and (b) are conjunctive:

Waiver of interest payments: In any year in which the Government of the United Kingdom requests the Government of the United States to waive the amount of the interest due in the installment of that year, the Government of the United States will grant the waiver if:

(a) The Government of the United Kingdom finds that a waiver is necessary in view of the present and prospective conditions of international exchange and the level of its gold and foreign exchange reserves.

That almost lets them out; if we read that closely, we find that it almost turns them loose, just as their request.

(b) The International Monetary Fund certifies that the income of the United Kingdom from home-produced exports plus its net income from invisible current transactions in its balance of payments was on the average over the 5 preceding calendar years less than the average annual amount of United Kingdom imports during 1936-38, fixed at £86,000,000, as such figure may be adjusted for changes in the price level of these imports.

Mr. President, we often hear the expression "the nigger in the wood pile." Did you notice the use of the expression "the price level of these imports"? They would go back to the price level of the imports in 1936, 1937, and 1938. They think they had better protect themselves in that way. Boy, oh boy, Mr. President! Down South we sometimes speak about "a Philadelphia lawyer." The British must have had someone of that sort fixing this thing up for them.

I read further:

Any amount in excess of £43,750,000 released or paid in any year on account of sterling balances accumulated to the credit of overseas governments—

They are protecting everything—

monetary authorities and banks before the effective date of this agreement shall be regarded as a capital transaction and therefore shall not be included—

They are going to keep that out—

in the above calculation of the net income from invisible current transactions for that year.

Mr. President, I wonder why they did not put it in plain English all the way through, and just say, "We simply will not pay any interest in the future."

I continue to read from the agreement:

If waiver is requested for an interest payment prior to that due in 1955, the average income shall be computed for the calendar years from 1950 through the year preceding that in which the request is made.

Mr. President, the agreement is worded in such a way as to give the impression that no request for nonpayment of interest will be made. Notice that the expression used is "if waiver is requested."

Mr. President, I have been reading from the committee hearings at pages 38 and 39. The language of the agreement plainly indicates that waiver of the

payment of interest would, in all probability, require no more than a request by the British to have the payment of the interest waived. So why should we be worrying about the interest rate or when the interest will be paid? We all know from the preponderance of the evidence in our past dealings with the British that they will take advantage of any and every situation in the future to default in the payment of either principal or interest. Is not that so?

Mr. STEWART. Mr. President, no doubt the Senator means "or both." [Laughter.]

Mr. JOHNSTON of South Carolina. Yes, Mr. President—or both.

The way Britain has performed in the past is enough proof for me as to how she will act in the future. We must bear in mind that we have the signatures of the British on promises to pay, which are in our Treasury today. But when we read the hearings we find that when the Secretary of the Treasury was asked the direct question about British payments on the loans made after the First World War, he stated that he had not received any letters from them since 1932, 14 years ago, although in 1923 they entered into a solemn agreement to pay the interest and principal over a long period of years. That agreement was entered into approximately 5 years after the First World War had ended. Let us see what happened to it. I hold in my hand a statement showing exactly how the agreement was carried out and how the first payments were made. The statement to which I refer was included in the record of the committee hearings. From the statement it will be noticed that the annual installments to be paid on the principal were rather small at the beginning. The British were to pay only \$23,000 in 1923. They paid that. But when they came to 1932, the principal payment was to be larger—\$30,000. They did not pay that, and since then they have not paid any of the principal.

That statement was placed in the record of the committee hearings. The agreement to which it refers was signed after the First World War was over. The British had requested a new agreement and they made the offer to us. It was accepted by Andrew W. Mellon in 1923, and was signed by President Warren G. Harding. We have in the record all the statements to show that they knew what they were doing—what the agreement was, how much they were to pay on the principal, and how much they were to pay on the interest, each year. Mr. President, what has become of that agreement? Where is it?

Mr. STEWART. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BALL in the chair). Does the Senator from South Carolina yield to the Senator from Tennessee?

Mr. JOHNSTON of South Carolina. I yield.

Mr. STEWART. How are the British going to lend money to Russia if they cannot pay us the interest—and they have not been paying it for 25 years—on the debt which they have owed us since the First World War?

Mr. JOHNSTON of South Carolina. The British have not made a loan to the Russians as yet; have they? I think Britain will wait until she gets the money from us, and then she will lend some of it to Russia—perhaps for a little more interest, and thus make some money out of the transaction, and perhaps get some trade agreements.

Mr. STEWART. It is said that Russia may ask for money from us, in the event that we make the proposed loan to Great Britain. As a matter of fact, Russia has already made application to us for a loan, but it got lost in the State Department for several months. As a matter of fact, we might not have to lend any money to Russia. Britain might lend it to Russia. Does the Senator think that would be an "out" for us?

Mr. JOHNSTON of South Carolina. If I were Russia, I would not regard it as an "out." If the United States starts lending money to Britain, as is proposed, then, if I were Russia, I certainly would ask for a loan from the United States, too. And after I got money from the United States, I would wait and I would watch what the United Kingdom did, and I would see how they paid the money they owed the United States, and I would pay in the same way they did. Every other nation which borrowed from us after World War I stopped paying it back to us when they found that Britain had stopped paying. Has any nation paid us back, except little Finland? I would lend Finland money if she asked for it, because she has proved to the world that she will struggle and try to pay her debts. But if we lend to England and if she acts as she has acted in the past, and if we also lend to the other nations of the world when they request us to do so, and if we make loans to them on the same terms as those on which we make the loan to the United Kingdom, then when England fails to pay, can we expect the other nations to pay?

Mr. SHIPSTEAD. Mr. President, will the Senator yield to me for a moment?

Mr. JOHNSTON of South Carolina. I am glad to yield to the Senator.

Mr. SHIPSTEAD. Of course, they all borrowed money from us after the First World War, but they never paid it back. They called us Shylock because we thought they ought to keep their pledges and should repay. They simply said they could not repay. But finally the effect of making the loans and the effect of failure to repay them was felt, and then came the depression; then came the awakening. All the money of the taxpayers had been used in Europe to build up armaments, and so forth.

Let us consider, for example, the proposed loan. On the 1st of last September the London Economist, in an editorial, dealt with the questions of loans. I have studied the London Economist for years. I, as well as other persons, consider it to be one of the most reliable periodicals on subjects of finance and statesmanship in the British Empire. The editorial to which I have referred stated that Britain needed \$6,000,000,000 not for shelter and food, but for the purpose of supporting her armies of occupation throughout the world. Russia's

armies are scattered throughout the Far East, the Near East, and even Europe, in the occupation of territories of which she has taken possession. Russia wants a loan for the purpose of supporting her armies of occupation and holding on to territory which she now occupies. We are asked to finance all those imperialistic activities at the expense of our own taxpayers.

Mr. President, I wish to compliment the Senator for calling to the attention of the Members of the Senate and the entire country the meaning of the proposal to lend Great Britain a vast sum of money.

Mr. JOHNSTON of South Carolina. I agree with what the Senator has said with regard to the dealings we have had with other nations of the world.

Mr. HOEY. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. HOEY. I have been interested in what the Senator has been saying. I do not believe it is quite accurate, however, merely to say that Great Britain quit paying. Great Britain paid us back, following World War I, \$400,000,000 of the principal amount which she borrowed. She continued regularly to make interest payments in the total amount of approximately \$1,600,000,000. The first time she defaulted in her payments was after we declared the moratorium. She had then paid approximately \$2,000,000,000 in interest and principal. I do not justify the fact that she did not pay all of what she owed us, but I do assert that she had paid \$400,000,000 on the principal and approximately \$1,600,000,000 on the interest. She continued her payments until we granted the moratorium which applied not only to Great Britain, but to other nations as well.

Mr. JOHNSON of Colorado. The Senator will, however, agree to the statement of the Secretary of the Treasury of the United States to the effect that Great Britain owes us at the present time approximately \$4,600,000,000. At least, it was that amount when the interest and principal were last computed.

Mr. HOEY. I believe that statement to be correct.

Mr. JOHNSTON of South Carolina. The Senator will also agree, I believe, that England had paid up to that time approximately 6 percent of the principal.

Mr. HOEY. I believe the Senator's statement to be correct. The point I was making was that England never defaulted on her obligation. She paid on the principal and continued to pay interest until we granted a moratorium which applied to other nations as well as to Great Britain. After the moratorium was granted no nation, except Finland, continued to pay.

Mr. McFARLAND. When did the moratorium expire?

Mr. HOEY. No effort was made to collect from Great Britain or from any other nation.

Mr. McFARLAND. I understand that a statement has been submitted to Great Britain, and that she has not responded even by acknowledging through a letter.

Mr. HOEY. As I have already said, with the exception of Finland, none of the nations who owed us money continued to pay after the moratorium. However, Great Britain continued to pay on her obligations longer than did any other nation, except Finland, and continued to pay until the moratorium was declared.

Mr. McFARLAND. So far as I am concerned, I cannot see why Great Britain should be excused merely because some other nation also owes us money. I think she is obligated to settle with us. Perhaps we ourselves have been somewhat at fault for not having been diligent in requiring England to settle with us in some manner. Perhaps we are partly at fault in allowing the situation to ride along, and for being easy in regard to claiming the repayment of the money which has been owing to us.

Mr. JOHNSTON of South Carolina. I believe that we are still sending statements to England. I believe that fact was brought out by the Secretary of the Treasury.

Mr. HOEY. I was not attempting to justify the action of Great Britain, or attempting to say that she had an excuse for not paying the money she owes us. I merely attempted to state the facts.

Mr. JOHNSTON of South Carolina. Does not the Senator believe that when England came back later for further funds, some definite understanding should have been reached with relation to the money she still owed us?

Mr. HOEY. I believe we should treat England in the same way that we treat other nations, and my understanding is that we do not expect to collect from any of them.

Mr. JOHNSTON of South Carolina. Does not the Senator believe that we should not loan England any further sums of money until we know what other nations will request in the form of financial aid?

Mr. HOEY. If the Senator asks me, I will say "No."

Mr. SHIPSTEAD. Mr. President, as a part of the agreement the British Government agreed that, upon request, in lieu of payments they would issue bonds payable to the Treasury of the United States. So far as I know, that agreement is still in effect. Those bonds would be British bonds payable to the Government of the United States, and they could be purchased from the United States Government by American citizens and others. The question of transfer is, of course, in the picture. It also represents a problem, because Great Britain borrowed more than she could repay by transfers from her trade. In my opinion, that situation represents a fear so far as the future is concerned. The fear is that England will not be able to obtain enough exchange to transfer payments on the loan. According to the terms of the agreement I doubt that any person believes that the loan will ever be repaid. As a business proposition, the loan cannot be considered in that light.

The Senator referred to other nations who may come to us for relief. If we grant relief to one nation we will have to grant it to others. It seems to me

that if there were some hope of a peaceful settlement, and a peaceful world for the next 25, 50, or 75 years, and if the peace treaties, which are to be written and agreed to, were to be of such a nature as to permit people of the world to live in peace and harmony, that would be another matter. But peace cannot be had unless all nations abandon power politics in diplomacy, and abandon the theory that to the strongest belongs everything it can take.

The British and the Russians are now growling at each other all the way from Port Arthur in the Pacific to Iran. We do not know how long there will be a peaceful world. The more money we lend to other nations the greater will be the possibility of another war. All the money which we loaned to Europe following World War I was used for the development of armaments. The American bankers loaned millions of dollars to Mussolini. At the peace conference which was held in 1933 Britain was afraid of Russia, and we were induced, over the protests of France, to lift the ban on armaments to Hitler and permit him to rearm. American funds financed Mussolini and enabled him to rearm. It seems to me that the money which we have loaned to other nations to be used in the rebuilding of armaments and the promotion of dictatorships and war, has not redounded to the glory and credit of the United States or to its statesmanship.

Mr. JOHNSTON of South Carolina. I thank the Senator for his statement. I believe it to be entirely correct.

Mr. President, I wish to correct the statement which I made as to the amount of indebtedness owed by Great Britain to us. It is not \$4,600,000,000. According to the statement of the Treasury, the total present obligation, including principal and accrued interest, is \$6,491,614,782.58. I made a mistake in the figure which I previously gave. I read the wrong figure. I have now read from the statement of the Treasury of the United States.

Mr. President, we must all acknowledge that England has not fulfilled her agreement to pay the principal and interest on the former loan which we made to her. At the present time the United Kingdom owes the United States on that loan the sum of \$6,491,615,000. That amount was owed when the interest was last computed several months ago. Why has nothing been said by the proponents of the joint resolution about the repayment of that loan? Why were not negotiations conducted for the repayment of that loan when our Treasury Department and State Department representatives were discussing with the British representatives the matter of the pending loan? I have not heard of any discussion having taken place. I wonder if the subject was brought forward or if it was thought that to bring it forward would be to hurt the feelings of the British representatives? I wonder if they thought they were that touchy about financial matters?

I can tell Senators why it was. The United Kingdom wants to forget all about it. We cannot blame them now.

Many individuals in the United States in authority do not stir up the question just at this time. Not until they got another loan to Britain approved by the House and Senate would they dare bring this question up—that is, have our Treasury bring it up—and even ask them for payment. They may send a little note every 6 months stating what the interest is that should be paid. They might do that, but I venture to say they have never received a reply to any statement they sent over. If so, it would be in the record. If they could give any legitimate excuse, it would be in the record of the hearings. That is a good sign that nothing to help England out in getting the loan was left undone.

Mr. President, there is another thing which enters into the consideration of the loan which does not make me look with favor upon it. I never shall be able to understand why we should lend the United Kingdom three and three-quarter billion dollars in order to have her treat us fairly in trade relations. The United Kingdom, which is asking for this loan, or gift, even has the audacity to tell us that if we will let her have three and three-quarter billion dollars she will consider—notice the word she uses, "consider"—dissolving what is known as the sterling bloc, the sterling area control. Let me quote from the testimony in the hearings the statement of the Assistant Secretary of State, William L. Clayton. I read from the bottom of page 114 of the hearings:

Let us say that some third country, India or the Argentine for instance, has extended a credit to Great Britain to finance the sale of its products in the British markets. Let us say that the trade in the opposite direction turns out not to be large enough to liquidate the credit promptly. It can be paid in the long run only in goods and services. To make surer of collection, therefore, the Indian or Argentine Government, in its own financial interest, will require its people to "buy British" all they can, and will enforce it by a system of exchange control or by the licensing of imports. American exporters and shipowners will soon find, in all these markets, that their customers are not at liberty to deal with them in any case where the same thing can be bought for sterling.

Senator TAFT. Do you mean to say if we do not lend Britain money other countries will lend her money, and therefore they will get her business?

Mr. CLAYTON. No, sir; I do not think that is it. I would say—

Senator TAFT. Do you think we ought to lend money to poor creditors in order to get their business?

Mr. CLAYTON. No, sir; I do not. But I would say this—

Senator BARKLEY. Senator TAFT, we agreed not to interrupt Mr. Clayton while he was reading his statement.

On pages 11, 12, and 13 we find a statement by Hon. Fred M. Vinson, Secretary of the Treasury. He brings out how the British are treating us in the sterling area. Beginning on page 11, under the heading "The sterling area," he said:

The sterling area now includes the countries of the British Empire, except Canada, and a number of other countries mainly in the Middle East. These countries do much of their business with England and they keep

most of their monetary reserves in the form of sterling in England.

Before the war sterling could be used by these countries to buy goods all over the world—in the United States—

The United States was not discriminated against then—

in the United States, Canada, Latin America, anywhere. For example, if Australia wanted to buy American cotton before the war, it sold the sterling for dollars and used the dollars to pay for American cotton. That is to say, sterling was freely convertible into dollars.

That was before the war. During the war the sterling area took on some new features. Because England didn't have enough gold and dollars, she no longer permitted sterling to be sold freely. She made sterling inconvertible. In practice, this means that the countries of the sterling area cannot use the sterling they receive for their exports to buy American goods unless they obtain permission from England.

That is from the written manuscript of the Secretary of the Treasury of the United States. That was not brought out by any questioning. He said further:

As it is now, Australia cannot use her sterling receipts to buy American cotton—

That is the way they are treating the cotton producers—

but she can use the sterling to buy cotton in India or Egypt.

I wish to digress for a few moments to speak of cotton. I live in a cotton-producing State, South Carolina. Cotton is known there as "King Cotton." If I thought for one minute that the lending of this amount of money would affect the cotton market, I might be found looking differently on this joint resolution. Notice, I said "might." I should have to weigh it in the balance and see if it would affect it to such an extent as to bring to the cotton farmer the additional amount he will have to pay in taxes to make up the amount of principal and interest we will lose.

Mr. President, I predict that if we let Britain have this money she will not buy American cotton from which to make textile goods, and I shall state why. She will continue to do business with India. Her past record shows that she wants to do business with India. Her past record shows that she wants to do business with Egypt. From a textile standpoint, the only thing she would have to do in order to use American cotton in her mills would be to change a little gear here and a little gear there on the various pieces of machinery. She cannot run American cotton in her machinery now without changing those gears. With long-staple cotton it is necessary to set up a different twist on the front roller in the mill; that is in order to get a twist in the long-staple cotton different from that in the short staple. American cotton is of a length between the two others; that is Egyptian and Indian. Our cotton is in between the Egyptian or long-staple cotton and the short staple which is grown in India. Britain's cotton-mill machinery is set up to use the other two. But with a few minor changes she can fit her machinery to take American cotton. It may be necessary to install other

machinery in some mills. It may be necessary to place intermediates in the card room, and change the little gear at the end which operates the steel roller which is almost of the length of this room. It may be necessary to place more little cogs in the machinery so more twists can be given the cotton as it goes through. The change of a little screw at one point in the machinery permits the machinery to take in long-staple cotton or short-staple cotton.

But, Mr. President, I predict that if Britain gets this loan some of the money will be used to operate machinery using long-staple Egyptian cotton. Long-staple cotton makes a better garment than our staple makes, and makes a garment even better than the short-staple cotton garment.

Mr. President, there is the danger that if we lend Britain this money it is gone.

I predict another thing. Britain says she does not need all the money immediately, but if we pass this joint resolution, she can get all the money provided in it any time she wants it. My amendment provides for giving Britain \$1,000,000,000, which is all she needs immediately and all she will need for a year or more. Then if the people of the United States want to let Britain have the remainder they can buy bonds for that amount. I ask Senators whether, representing their people, they want to do something that their people do not want done? Do Senators want to invest the people's money in something they do not want? Or do Senators want the people of the United States to use their money as they desire to use it?

Under my proposed amendment we would lend Britain a billion dollars, and take against it their securities, and then with respect to the remaining two and three-quarter billion dollars the people would be given the right to say whether they want to provide that amount with their own money. It is estimated that the people of the United States have about \$100,000,000,000. If they are for this loan they would certainly buy bonds to the extent of two and three-quarter billion dollars for the purpose of lending that amount to the British. If they are against it, and would not buy that amount of bonds, we should not be desirous of passing legislation providing for such a loan.

Mr. President, I throw out a warning to the cotton growers of America. I have made a prediction, and I ask them to watch and see if they increase their sales to Britain in the event the loan is made. I ask them to see if Britain does not continue to procure her cotton from other sources.

Mr. President, I am proud of the fact that America is consuming almost all the cotton we grow. I shall be very glad indeed when the day comes when we manufacture every pound of cotton we grow in America. I shall be glad when we process all our cotton, when we make it into clothing, when we dye it, and make our own shirts, our own dresses, and not pay Britain to do so. Then our farmers will be better off. Then more people will be employed in America.

Talk about employing more people in America; the creation of new factories in America would result in the employment of more people. The mills in my State were built to operate one shift. Nearly every one of them today is running three shifts. My State has one-fourth of all the spindles in the United States. I predict that the manufacture of cotton in the United States will continue to increase. What profit is it for us to send raw materials to Britain in the form of big bales of cotton, when we have found that the New England States could not even continue in competition with the South because our mills in the South were close to the market for the raw material. If bales of cotton must be hauled to New York and placed on a boat and sent across the ocean, so that a profit may be made over in Britain, and the cotton is then sent back here in the form of manufactured goods, and we are charged the cost of manufacturing, how can it be expected that we will all profit from such an arrangement?

Mr. President, I am in favor of giving employment to the people of the United States, and I hope that Americans will consume every pound of cotton we grow and that we will not send 1 pound of cotton to Great Britain. That is my position. I believe that everyone listening to me now will have to admit that, so far as cotton is concerned, we have now no worries. The mills will have to be in continuous operation in order to catch up with the demands of those in this country who are complaining about not being able to buy shirts. For the next 2 or 3 years our mills must be operated as they have never been operated before, in order to catch up with the demand on the part of our own people. I am not worried about cotton for the next 4 or 5 years. For the next few years the United States is facing a period of great prosperity so far as our industries are concerned, because they cannot catch up with the demands for goods in 4 or 5 years.

Mr. President, I wish to refer again to the sterling bloc. I read from the testimony of Secretary Vinson in the hearings held by the Committee on Banking and Currency, as follows:

During the war the sterling area took on some new features. Because England didn't have enough gold and dollars, she no longer permitted sterling to be sold freely. She made sterling inconvertible. In practice, this means that the countries of the sterling area cannot use the sterling they receive for their exports to buy American goods, unless they obtain permission from England.

As it is now, Australia cannot use her sterling receipts to buy American cotton; but she can use the sterling to buy cotton in India or Egypt. In short, while trade among the sterling-area countries continues unaffected by these currency restrictions, the trade of all sterling-area countries with the United States is subject to the will of Britain.

We do not want England saying to Australia and other countries from which she imports, "You cannot use the sterling you acquire from us to buy goods in the United States." That would mean that American exporters would be discriminated against in all trade with the sterling area.

That brings us to blocked sterling. England had to go on buying goods in the sterling area, and meeting the costs of her

armies in India, Egypt, and other countries. She bought the goods and met her war expenses in these countries by paying in sterling. England did not have the means to convert the sterling into dollars; she could not export enough to let these countries use all of their sterling to buy goods. In effect, the accumulated sterling balances were blocked from use.

The amount of sterling accumulated by various countries during the war was very large. Although England sold \$4,500,000,000 worth of her foreign investments, her wartime overseas expenditures were so enormous that sterling balances accumulated in rapid fashion. These balances now amount to \$13,000,000,000.

That means that if we let her have \$3,750,000,000 she will be back for nine and one-fourth billion more.

They are held by foreign countries in the form of sterling deposits in London banks and sterling securities of the British treasury. This is a tremendous sum for a foreign debt.

What is done about these blocked sterling balances will mean much to American trade. We do not want England saying to India and the other countries holding blocked sterling: "These balances will be freed only to buy goods in England." That would mean the exclusion of many American products from the whole sterling area.

She is already saying today, "If you can buy from us, you must buy from us."

There was one thing—if nothing else—that I learned in law school, and that is that equity requires that any person wanting aid and assistance must come into court with clean hands. Can the United Kingdom come to us and ask for this loan or gift with clean hands, when she has created this sterling area to prevent our businessmen from carrying on a legitimate business with countries controlled by her sterling area? The United Kingdom has allowed this system to grow up. Why did she do it? In order to profit thereby. Yes; selfishness. If we were to do that with other nations, does anyone believe that England would allow us to get by with it, small as she is? Would we do it? I do not believe that we are that selfish.

The United Kingdom's attitude toward the United States in her treatment of us in setting up the sterling area and having sterling blocks reminds me of how borrowers usually treat their lenders. When the debtor sees the lender coming down the street the debtor crosses over to the other side. A person who does not pay his debt becomes an enemy of the lender. The United Kingdom, from a trade point of view, has proved that this is true in her relations to us. The reason I make this statement is the existence of the sterling bloc or sterling-area bloc. One of the countries in the sterling area cannot buy American goods without permission from the United Kingdom. They first have to find out if the United Kingdom has the goods to offer her. This blocks American commerce entirely.

The United Kingdom agrees that within 1 year after this agreement goes through she will consider discarding this system if we will lend or give to her \$3,750,000,000—

Mr. LANGER. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. LANGER. How much longer does the distinguished Senator expect to speak? It is now half past five. If the Senator is to take a long time, I should like to know.

Mr. JOHNSTON of South Carolina. I do not know.

Mr. LANGER. I should like to hear all of his speech.

Mr. JOHNSTON of South Carolina. Frankly, the papers which I had to start with could have been read in 30 or 40 minutes. I am a little more than half through.

Mr. LANGER. Will the Senator require 2 or 3 hours more?

Mr. JOHNSTON of South Carolina. I do not know. It depends upon the questions which may be asked.

Mr. LANGER. Mr. President, I suggest a recess until tomorrow.

Mr. HATCH. Mr. President, I realize that it is half past five, but I am sure that the Senator from South Carolina desires to finish. I see no reason why he should not proceed.

At this time I ask unanimous consent that at the conclusion of today's business the Senate take a recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON of South Carolina. Mr. President, there is nothing in this agreement, as proposed by the administration and the United Kingdom, which requires or compels Great Britain to spend a single dollar for American goods or farm products. What guaranty have we that Great Britain will not go into the world markets and spend these dollars in competition with us? On the basis of the British record in world trade and world finance, I have every reason to believe that she would desire to spend this money in competition with American farmers and American manufacturers.

The tobacco farmers of the South have urged me to vote in favor of this proposed loan to Britain.

Mr. President, I am in favor of the Congress authorizing a credit to Britain for the next few years for the specific purpose of purchasing tobacco, cotton, or other farm products, manufactured articles, and durable goods of various kinds, provided that the amount of that credit is approximately the amount we can expect Great Britain actually to purchase from us on the basis of her imports from the United States in past years. However, I do not believe that our farmers will see the wisdom in giving Britain three and three-quarter billion dollars to spend anywhere in the world, for any goods or materials she wishes to buy.

Speaking of the tobacco farmers, in my State they sell their entire crop for probably \$50,000,000. That is the highest sum which it has brought. In some years the return drops below that figure. A few short years ago it was between \$15,000,000 and \$20,000,000. In recent years we have gone more extensively into tobacco growing. But how can we justify a loan to Britain in order to increase the price of tobacco? Why do I ask that question? Those who manufacture to-

bacco are the ones who make the money from tobacco. A large percentage of the tobacco grown in South Carolina is manufactured in North Carolina. I am glad that our tobacco is manufactured in the United States. A little is sold to England. However, it will be found that the money made from tobacco is not made by the farmer. I have made speech after speech in South Carolina trying to stir up the people so as to get manufacturers into my State to manufacture cigarettes. I myself do not smoke. But I wonder how much the farmer receives for the tobacco in a pack of cigarettes which costs 15 cents. The money made from tobacco is made in the processing of tobacco. I wish that every pound of tobacco grown in the United States could be processed in the United States. I think the tobacco farmers would be better off. I know that the taxpayers of the Nation would be better off. If that were done, the difference in the tax paid on tobacco manufactured and sold in the form of cigarettes, some of which are now sold to England, would pay us more than we shall receive on this whole loan of \$3,750,000,000. The taxes on tobacco which we send to England would bring us more than we get out of the tobacco which is shipped to England. We would get almost that much year after year in the future.

Mr. President, my studied opinion is that the making of this loan to Great Britain at the present time would fan the flames of inflation, if she were to spend a large percentage of the money in the United States. If more money is spent in the United States there will be more inflation. If we make this loan to Britain, and if a considerable amount of the money thus loaned is spent in the United States, that will make for an increase in inflation. It will make everyone living in the United States pay more for what he buys. I believe that every student of finance will agree that that is true. Our experts tell us that money is too plentiful at this time. If England obtains this loan from us and begins to use the money to make purchases in the United States, with the result that that much more money comes into circulation in our country, then there will be inflation, but we shall still have to pay our people for the money we borrowed from them in order to make the loan to Britain. This thing will work both ways.

Our production, retarded by several years of manufacture entirely for war and by the confusion and the restrictions of reconversion, has left us with a scarcity of goods for supplying our American market. We certainly have had plenty of restrictions on reconversion. I can say something about the OPA. I have stated that I believe the OPA has even brought about a great many of the strikes which have occurred in the United States. I believe that in numerous instances the corporations would have reached agreements with their labor if they had had leeway and had not been tied down by the OPA.

Speaking of the meat situation, Mr. President, let me tell the Senate that in my section of the United States the OPA has put out of existence all the

slaughterhouses. It has put out of existence all the slaughterhouses in South Carolina. It has caused a meat shortage there—a greater shortage than we have ever known before—although there are plenty of hogs and cows running around in the pastures.

So, Mr. President, the restrictions during the time of reconversion have left us with a scarcity of goods for our American market. Many of the things our people need would have been made if it had not been for the OPA. Several establishments in my State have been closed on account of the operations of the OPA. A handkerchief factory was closed for several months because the OPA said the handkerchiefs manufactured by it could be sold for only a certain price. When I explained to a man who knew something about textiles, he agreed with me that the OPA had set the price entirely too low. After the OPA had caused the handkerchief factory to be closed for approximately four months, the OPA then allowed another price, one which enabled the factory to resume operations. Things of that kind have retarded reconversion and have caused a shortage of many commodities in the United States. There is no point in giving credit to Britain or any other country until our production increases to the point where we can first supply the American consumer market. Mr. President, why should we holler so much about exporting to England, until we supply our own people here at home? Because of the war there is a great shortage of commodities in the United States at the present time.

British propaganda would have the cotton farmers of the South believe that by lending Britain this \$3,750,000,000, Britain would buy more cotton from the United States. Yet we know that Sir Stafford Cripps, president of the British Board of Trade, recently announced—right in the face of the propaganda for the loan—that the British Government will discard its free cotton market which has been in existence for approximately 100 years. I say to the cotton farmers that that is the way the British are arranging to treat them, and they are making such plans and taking such action even now, right in the face of the request for this loan.

In the future, so Sir Stafford Cripps said, the British Government will buy its cotton wherever it can buy to the best advantage. That obviously means that Britain will buy less and less cotton from us as the years go by.

Mr. President, I favor the sale of cotton or tobacco or other farm products or any manufactured products to Great Britain on a credit basis, but I am not in favor of giving to them such a tremendous sum of money with absolutely no assurance as to how it will be spent, or where it will be spent, or that it will ever be repaid.

Mr. President, I believe that this loan, if made, will give the Senate and the people of the United States more headaches than will any other piece of legislation, not only because Great Britain will not pay back the principal and interest, but because other nations will ask us to extend to them the same favor that

we show to Great Britain. If the United States gives Britain \$3,375,000,000 under these conditions, how in the name of fair treatment can we turn down other nations when they come to us and ask us for a loan?

BUDGET PROGRAMS FOR GOVERNMENT CORPORATIONS—MESSAGE FROM THE PRESIDENT

The PRESIDING OFFICER (Mr. BALL in the chair) laid before the Senate a message from the President of the United States, which was read, and, with the accompanying document, referred to the Committee on Appropriations.

(For President's message, see today's proceedings of the House of Representatives on p. 4343.)

EXECUTIVE SESSION

Mr. HATCH. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. BALL in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

The following favorable report of a nomination was submitted:

By Mr. BARKLEY, from the Committee on Foreign Relations:

Walter Thurston, of Arizona, now Ambassador Extraordinary and Plenipotentiary to Bolivia, to be Ambassador Extraordinary and Plenipotentiary to Mexico.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. HATCH. I ask unanimously consent that the postmaster nominations be confirmed en bloc and that the President be notified immediately.

The PRESIDING OFFICER. Without objection, the postmaster nominations are confirmed en bloc, and the President will be notified forthwith. That completes the Executive Calendar.

RECESS

Mr. HATCH. As in legislative session, and in accordance with the previous order of the Senate, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 46 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Friday, May 3, 1946, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 2 (legislative day of March 5), 1946:

UNITED STATES PUBLIC HEALTH SERVICE

The following-named candidates for promotion in the Regular Corps of the United States Public Health Service:

SENIOR SURGEONS TO BE MEDICAL DIRECTORS, EFFECTIVE DATES INDICATED

Marion R. King, March 16, 1946.
Egbert M. Townsend, April 1, 1946.

SURGEONS TO BE SENIOR SURGEONS, EFFECTIVE DATES INDICATED

James A. Crabtree, January 27, 1946.
Mark P. Schultz, January 27, 1946.

SENIOR DENTAL SURGEONS TO BE DENTAL DIRECTORS, EFFECTIVE DATES INDICATED

Alf E. Nannestad, February 26, 1946.
Robert C. Stewart, March 22, 1946.
Robert L. Robinson, March 26, 1946.

POSTMASTERS

The following-named persons to be postmasters:

ALABAMA

Ethelene D. Cobb, Harvest, Ala., in place of J. R. N. Power, retired.

ARIZONA

Dona E. O'Neil, Tiger, Ariz., in place of C. H. Lewis, declined appointment.

ARKANSAS

Jack V. Stockburger, Winslow, Ark., in place of Joe Davidson, transferred.

DELAWARE

Anne H. McCarthy, Delaware City, Del., in place of J. T. Webb, resigned.

INDIANA

Richard C. Beck, Griffith, Ind., in place of A. W. Govert, resigned.

IOWA

James F. Thompson, Whitten, Iowa. Office became Presidential July 1, 1945.

KANSAS

Walter William Koch, Fredonia, Kans., in place of Elbert Holcomb, resigned.

MICHIGAN

Marion W. Carter, Glennie, Mich., in place of Samuel Tyson, transferred.
Verner M. Godell, Watton, Mich. Office became Presidential July 1, 1945.

NORTH DAKOTA

Walter Emil Poulsen, Stanley, N. Dak., in place of J. A. Corrigan, deceased.
Kathryn L. Gallagher, Taylor, N. Dak., in place of J. D. Leadon, resigned.

OREGON

Anna C. Allen, Elgin, Oreg., in place of E. A. Rush, transferred.

PENNSYLVANIA

Margaret A. Haggerty, Crabtree, Pa., in place of Kathryn McCann, retired.
Gertrude C. Miller, Millerton, Pa., in place of Nona Tolbert, resigned.

UTAH

Roland H. Mortensen, Trenton, Utah, in place of K. M. Peek, transferred.

VIRGINIA

Rita S. Wallace, Buckroe Beach, Va., in place of W. E. Groves, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 2 (legislative day of March 5), 1946:

POSTMASTERS

COLORADO

Clifford I. Parsons, Central City.

GEORGIA

Jack H. Bowman, Rock Spring.

KANSAS

Georgie L. Hunt, Rolla.

LOUISIANA

Claire C. Mahaffey, Jennings.
 Volene B. Bray, Jones.
 Robert W. Collier, Sr., Oakdale.

MASSACHUSETTS

Wilfred E. Miller, Griswoldville.

WYOMING

Owen W. Cranney, Afton.

HOUSE OF REPRESENTATIVES

THURSDAY, MAY 2, 1946

The House met at 12 o'clock noon.

Very Rev. Father William J. Healy, S. J., president of the College of the Holy Cross, Worcester, Mass., offered the following prayer:

We pray Thee, O God of infinite wisdom and justice, through whom all authority is rightly administered, laws are wisely enacted, and full judgment decreed, assist, with Thy holy spirit of counsel and fortitude, the President of these United States. Let the light of Thy divine wisdom direct the deliberations of this Congress and shine forth in all the proceedings and laws framed for our rule and government so that they may tend to the preservation of peace, to the promotion of human happiness, to the realization of all the high aspirations of our people. We raise our hearts and minds to Thee in prayer, profoundly grateful that as a noble part of our American freedom we may thus beseech Thee and because it is our precious privilege as Thy children to call upon Thee. Bless, we entreat Thee, all our actions and carry them on by Thy gracious assistance so that every work of ours may begin from Thee and by Thee be happily ended. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries, who also informed the House that on April 30, 1946, the President approved and signed a bill of the House of the following title:

H. R. 5856. An act to provide for trade relations between the United States and the Philippines, and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1955. An act to authorize the Commissioners of the District of Columbia to provide necessary utilities for veterans' housing furnished and erected by the National Housing Administrator.

The message also announced that the President pro tempore has appointed Mr. BARKLEY and Mr. BREWSTER members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive

papers in the following departments and agencies:

1. Department of Agriculture.
2. Department of the Interior.
3. Department of Justice.
4. Department of the Navy.
5. Department of the Treasury.
6. Department of War.
7. Bureau of the Budget.
8. Civil Service Commission.
9. Federal Security Agency.
10. Federal Works Agency.
11. National Archives.
12. Office of Price Administration.
13. Petroleum Administration for War.
14. Tennessee Valley Authority.
15. United States District Court for the Northern District of Iowa.
16. United States Employees' Compensation Commission.
17. United States Railroad Retirement Board.

EXTENSION OF REMARKS

Mr. TRAYNOR asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. ROE of Maryland asked and was given permission to extend his remarks in the RECORD and include a letter from Hon. S. Denmead Kolb, a member of the Maryland House of Delegates.

Mr. VURSELL asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

THE PUBLIC DEBT

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, I am this day introducing a bill to amend the Surplus Property Act of 1944, to provide that proceeds from the transfer or the disposition of surplus property be used for the reduction of the public debt.

Our income should equal our outgo in order to have a balanced budget, and I think a bill of this kind necessary in order to determine the income and outgo of public funds in the operation of the Government in peacetime. If we keep on spending the way we are doing, I fear we will be far from a balanced budget. President Truman in his budget message to Congress in January requested a \$35,000,000,000 budget for next year, and a \$25,000,000,000 budget for the 2 years thereafter. The public should know exactly what our financial position is going to be, and that is my reason for introducing this bill.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

EXTENSION OF REMARKS

Mr. REED of New York asked and was given permission to extend his remarks in the RECORD and include a release, the author of which is Mary Latham, of North Carolina.

INTEGRATION OF NATIONAL DEFENSE

Mr. ANDREWS of New York. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ANDREWS of New York. Mr. Speaker, Mr. Forrestal, the Secretary of the Navy, has made an unusually fine record in his Department, both as Secretary and during the earlier years of the war as Under Secretary, and I know the Congress and informed persons generally will agree with this statement.

It is to be regretted, however, that he saw fit on yesterday to express himself as he did in connection with the proposed so-called merger of the armed forces—referring particularly to the Marine Corps.

Personally, I dislike the words "merger" or "unification" in this connection. It should be "integration," if I have any understanding from enlightened opinion of what ought to be done for the best interests of our country.

Mr. Forrestal, to be sure, only stated that in his opinion the Marine Corps might be destroyed or relegated to a minor role, but this gave the press and commentators the lead to say "Destroy the Marines," when he must know that nothing of the sort would ever happen.

The Marine Corps, its record and prestige, of course, needs no defense by anyone, and certainly no one, professional or civilian, really informed on what it is hoped will be accomplished by integration has any idea that the autonomy of the Marine Corps would be infringed upon in the slightest degree. Quite the contrary.

For myself, I believe that the Marine Corps under integration should be given an even stronger position than it has enjoyed under the Navy. The Commandant of the Marines should be made a member of the Joint Chiefs of Staff along with the Army, Navy, and Air Force heads.

EXTENSION OF REMARKS

Mr. MASON. Mr. Speaker, I ask unanimous consent that I may extend and revise the remarks I expect to make in the Committee of the Whole today and to include therein an article by Frank Kent.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ROBERTSON of North Dakota asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial from the Fargo Forum entitled "Spotlight Swings on Wheat Farmers."

Mr. HAND asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances and to include brief editorials.

Mr. MCGREGOR asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances, in one to include an essay written by a member of the American Legion, and in the other a newspaper editorial.

Mr. MARCANTONIO asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial and a copy of a letter he wrote in reply to the editorial.